FBIS DAILY REPORT

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GDR OFFICIAL HOLDS TALKS WITH MALMIERCA

AU131332 East Berlin NEUES DEUTSCHLAND in German 10 Jul 87 p 2

[Text] Havana ADN -- Isidoro Malmierca, minister of foreign affairs of the Republic of Cuba, received Bernhard Neugebauer, GDR deputy minister of foreign affairs, for a talk Thursday [9 July]. Bernhard Neugebauer is visiting Havana on the occasion of a multilateral meeting in preparation for this year's UNESCO General Assembly in Havana.

The joint efforts of both countries to safeguard world peace and to strengthen socialism were at the center of the talk. Bernhard Neugebauer briefed Isodoro Malmierca on the Fourth SED Central Committee Session and underlined the great significance of the policy of dialogue pursued by the socialist states. The GDR still attaches great importance to steps aimed at creating a coalition of reason and realism.

Both sides stressed that relations between Cuba and the GDR are developed extremely sucessfully at a high level in an atmosphere of tested friendship.

The meeting was attended by Vincentina Antuna, chairwoman of the Cuban UNESCO Commission, and GDR Ambassador Karlheinz Moebus.

RADIO COMMENTATORS VIEW SALVADORAN SITUATION

PA082210 Havana International Service in Spanish 1600 GMT 6 Jul 87

["Topics Feature -- Weekly Meeting With Radio Havana Commentators" with Nestor Nunez and Amalia Sanmartino; recorded]

[Text] [Sanmartino] The Salvadoran situation is one of the key points in the Central American conflict, and represents one of the most important aspects of U.S. intervention. Our program today deals specifically with the Salvadoran problem.

[Nunez] First, I would like to sketch briefly the situation we want to discuss today. Jose Napoleon Duarte has been involved in serious problems in recent months because of two issues: First, the guerrillas have shown their impregnable strength through recent actions against the regime. The guerrillas are ahead in the political arena, in searching for a dialogue, an agreement to put an end to the prolonged conflict that has been causing thousands of casualties. In the third [as heard] place, Duarte is the target of pressure by ultra-rightist sectors who feel the government's genocical war is too weak. In other words, they feel there should be a greater bloodbath in El Salvador.

[Sanmartino] Of course, and excuse me for interrupting you, Nestor. Actually ultra-rightist groups in El Salvador are displeased with other things. They are discontent because the war is very costly. Continuing this war for an indefinite period of time is a tremendous expenditure. This means that Jose Napoleon Duarte has had to implement a number of economic measures. I do not know if you remember, the...

[Nunez, interrupting] The famous economic package deals.

[Sanmartino] Precisely, the economic swindle deals. They were indeed swindle deals; they were terrible. However, none of them were successful -- neither the fiscal reforms, nor the credit reforms. Now, what must Jose Napoleon Duarte do? The working mass is against him. Of course, the guerrillas are against him; they are taking action. This is the 12th time the guerrillas have proposed meetings to end the conflict, to solve this belligerent conflict that has been going on for such a long time. It has been going on for 7 years. Then, there are the pressures by ultra-rightists who feel their profits are not enough. Thus, the Salvadoran president's situation is very delicate. I think...did you what to say something?

[Nunez] No, I just wanted to point out that it is very important that the guerrillas' stance supporting a dialogue is receiving growing support from the masses. We must recall that the recent workers' demonstrations in El Salvador have been aimed not only against the regime's economic policy, but also in favor of a dialogue for peace.

[Sanmartino] Of course. On the other hand, the Salvadoran situation is very delicate and compromising compared to the Central American problem. The Arias plan, which was not really fully supported by the United States, was to have been discussed at the most recent summit to be held in Esquipulas. That summit has been postponed, and unfortunately we still do not know if it will be held or not. But at least this plan was going to be discussed. The Salvadoran Government has sabotaged that meeting.

Although it is true there were some unfavorable aspects of the Arias plan, El Salvador sabotaged the meeting after Philip Habib, President Reagan's special envoy to Central America visited the region. El Salvador is constantly sabotaging Contadora's efforts. It tried to sabotage the talks slated to be held at the Central American presidential summit. It is very important to note El Salvador's role, because El Salvador is in a very serious situation. There is a serious internal situation. In addition to that, El Salvador throws itself into a delicate situation because of the nature of the Central American conflict. Evidently El Salvador is seeking specifically to overthrow the Nicaraguan Government, which results in a much more delicate situation. It goes beyond its borders, right?

[Nunez] Right, Amalia. It is interesting to add that Washington currently feels Jose Napoleon Duarte is its main card in El Salvador. For that reason, the United States gives Duarte multimillion-dollar support. I think the problem stems from the fact the United States needs a government that appears to be a democratic regime, that appears to be a government that is accepted, in a general sense.

[Sanmartino] A democratic government.

[Nunez] Right, democratic, although it is very well known that Duarte promotes a devastation policy in the areas where the guerrillas operate in accordance with U.S. plans. This is an instrument of U.S. interventionist policy in the area. To that effect, I would like to mention some aspects concerning ultra-right movements. These are worthy of consideration bearing in mind that there will be elections soon in El Salvador. I think they are scheduled to hold elections in 1989. There is the fact that Fred Ikle, U.S. under secretary of defense, visited El Salvador as a result of the guerrilla attack on El Paraiso military garrison. His visit was kept hidden from the public. Fred Ikle was accompanied by a commission that attempted to discover why the guerrillas were able to enter the base and carry out their attack despite sophisticated U.S. equipment.

They inflicted hundreds of casualties on the Salvadoran military. The commission reached the conclusion the action was possible because there were no 24-hour patrols around the base -- a surveillance system that had been established by Colonel Sigifredo Ochoa, former chief of the 4th Infantry Brigade. Sigifredo Ochoa has been somewhat sidelined by the military commands, because he is an ultra-rightist agent, and they did not know what to tell the United States.

As it turns out, Sigifredo Ochoa is now favored because of this, and the ultra-rightists have begun to give Sigifredo serious support. Evidently, Sigifredo Ochoa is now a possible candidate of the ultra-rightists and will reportedly replace Roberto D'Aubuisson -- the chief of the death squads, a well-known genocidal killer, linked to the murder of Msgr Oscar Arnulfo Romero -- a person who has a totally ruined reputation. He was the only candidate the ultra-rightists had to oppose Napoleon Duarte in the next elections. Now, Ochoa appears. Now, the rightists have the chance to closely follow the situation, because if Duarte extends his lack of effectiveness for too long, the United States might then decide to play the ultra-rightist card. This is possible.

I feel Sigifredo Ochoa should thus be the focus for new developments until the elections are held.

[Sanmartino] Of course. Nestor, there was something else I would like to point out. As you said, within 2 months the Salvadoran Army has had over 2,000 casualties. This is very important, and I think the U.S. advisers are keeping this in mind. The attacks on the El Paraiso and San Francisco Gotera garrisons -- the largest garrisons, equipped with the most sophisticated equipment in El Salvador -- made the Americans wonder what is happening with the tremendous assistance given to El Salvador. Where is it? What is wrong with the U.S. advisers? Are they failing, or is the Salvadoran military failing? This is another source of conflict within the Salvadoran Army. This also adds to the internal situation, and this affects U.S. aid.

[Nunez] I think it would be good, in concluding this program, to recall and insist on the fact that there is a process of political awareness beginning to arise among the Salvadoran masses. The ideas of the guerrillas -- in other words, the peace proposals by the guerrillas for harmony, dialogue, and recognition of the guerrillas -- are facts the Salvadoran working class are learning. Duarte is confronting serious opposition by these sectors and from the bourgeoisie which is also refusing now to continue supporting a war that seems endless.

[Sanmartino] That is correct.

TERRITORIAL MILITIA LEADERS MEET IN HAVANA

FL101851 Havana Television Service in Spanish 1100 GMT 10 Jul 87

[Text] An important exchange of expertise on the work of Territorial Militia Troops [MTT] was held in Havana Province.

Chiefs and officials of the armies, provincial general staffs, and other Minfar [FAR Ministry] leaders participated in the meeting and discussed the forms and methods of instruction that should be applied in provincial schools teaching defense preparation.

The militia members demonstrated (?interest) in the exercises and stressed the professor's educational role during the instruction process and the preparation of chiefs and officials.

The fulfillment of missions demonstrated the capabilities those small units have to annihilate the enemy if the personnel is familiar with the territory and if they have been trained well and have good skills.

In addition, the need was demonstrated to improve study plans and to possibly convert the centers used in preparation for defense into schools for research and application of Cuban military doctrine according to the characteristics of each territory.

The exchange of expertise among the MTT was a productive event in the province that will host the ceremony marking the 34th anniversay of the assult on the Moncada Barracks.

LABOR ASSEMBLIES DISCUSS PLANS, VIEW RECTIFICATION

FL132254 Havana Radio Rebelde network in Spanish 1700 GMT 13 Jul 87

[Station commentary]

[Text] The trade union assemblies held throughout the country have reinforced the belief it is necessary to listen to the workers and take their experience and knowledge into consideration. The manner in which the workers have criticized misdeeds, lack of discipline, and negligence in the daily routine proves there is a need for them to participate increasingly in decision regarding the direction and content of the annual plans of each workplace, so the workers will then identify with those plans.

The open discussion of the proposed plans that began at each workplace on 8 July will not only make it possible to assimilate useful ideas, but will also explain why other proposals are rejected.

It is of utmost interest that any plan adopted in an assembly reflect the best use of our raw materials, primarily those that do not require the expenditure of foreign exchange. This means we must obtain more production with fewer resources by a better utilization of resources, effort, knowledge, and working time, while avoiding an increase in payrolls, and having each worker adopt the attitide of a owner of the enterprise.

If true rectification is to be achieved, it will be necessary to ensure that existing capability is used effectively, that wages reflect the quantity and quality of labor, that the work of innovators and efficiency experts is used properly and quickly, that protection from accidents is guaranteed, and that the enterprise does not request more resources than is necessary, but instead tries to do more with less.

To assure an in-depth, effective discussion, the administration must present a clear, easily understandable draft plan that makes it possible for everyone to participate.

At the workplaces, it is necessary to create a climate of true interest and anticipation so the assembly will be a success and workers will go to it with a spirit of analysis, emulation, and determination to open the way for the plan for the recognition of merit, which will in turn lead us to a period of victory and increased well-being.

HAITI

PDCH LEADER BLAMES U.S. IF COUNTRY TURNS COMMUNIST

FL141545 Port-au-Prince Radio Antilles Internationales in French 1700 GMT 13 Jul 87

[Statement by Sylvio Claude, Haitian Christian Democratic Party leader [PDCH], in Creole; date and place not given -- live or recorded]

[Excerpts] [Passage omitted] Do you people see what kind of a conspiracy you are falling prey to? You are caught, good and caught. And the Americans are the cause of this. If they had aided the democratic sector, given it the logistical means, given it everything it needed to permit it to struggle -- they are sitting there, condemning, keeping the National Government Council [CNG] in power, supporting the CNG (?instead of aiding) the democratic sector. They are against everyone; they are concerned only with their own interests. It will be, precisely, the fault of the Americans if the country turns Communist. I am condemning this today. It is their fault that Haiti will be Communist. [passage omitted]

COMMUNISTS CLARIFY POSITION ON CNG ALTERNATIVE

FL141614 Port-au-Prince Domestic Service in Creole 1300 GMT 17 Jul 87

[Text] A press statement from the United Party of Haitian Communist [PUCH] says a communique issued by the Confederation for Democratic Unity [KID] on Sunday, 12 July, regarding the meeting held to reach agreement among all political leaders on a single alternative to present to the people has created confusion. There are people who think the PUCH supports the alternative suggested by the 57 organizations; this is not true.

We of the PUCH did participate in part of a meeting to reach agreement on an alternative. But we did not agree with the type of alternative to the CNG the others presented because their alternative was not in conformity with the will of the people. Regarding an alternative, the PUCH has not signed any document with any organization. The PUCH is asking for a CNG made up of people's representatives from the nine geographical departments of Haiti. That is how we can put into power a government that has the confidence of the entire people and which the people can control. The PUCH is willing to confer with the 57 organizations to find a suitable solution capable of satisfying the people. Meanwhile, the PUCH continues to support all strikes and joint demonstrations with a view to ensuring a victory. All PUCH party members throughout Haiti will support the strike that is to begin on Wednesday, 15 July.

The press statement is signed by PUCH Secretary General Rene Theodore.

DEMOCRATIC UNITY ATTEMPTS TO ELIMINATE DIVISION

FL141902 Port-au-Prince Domestic Service in Creole 1300 GMT 14 Jul 87

[Text] In a press statement dated 13 July 1987, the KID notes, with great sorrow, how the spirit of division that certain political sectors are exhibiting seems to be spreading confusion among the people and causing us to lose control of "Operation Pull Up Stakes".

KID knows that, on the political terrain, not everyone is defending the same interests, but at this difficult moment -- when the blood of the people has already been shed in an attempt to uproot the National Government Council -- regardless of what interests a person is defending, for this particular reason, at this particular moment, KID asks all political sectors to make an effort to support the struggle and to try to place the national interest above a desire for power -- to place the national interest above the interests of any particular candidate.

In order to guarantee a victory for the people, KID asks all factions with anything against any other political sector to come by the KID's offices at No 19, Rue Champ de Mars, Port-au-Prince, or call KID at 2-3788, before taking to the streets. KID volunteers are trying to bring all the divided sectors into agreement. KID volunteers are willing to receive all leaders and any criticism that patriots and organizations from all parts of Haiti may wish to make in the interest of "Operation Pull Up Stakes". KID thinks everyone who places the country's interests above personal power -- the nation above the candidate -- will, before taking to the radio or television, seek the path of concerted unity.

The note dated 13 July 1987 is signed by Jonas Pierre-Louis, Eddy Jeune, and Evans Paul, for KID.

CATHOLIC WORKERS ACTION ISSUES STATEMENT ON CRISIS

FL142123 Port-au-Prince Domestic Service in Creole 1300 GMT 14 Jul 87

[Text] Catholic Workers Action [Aksyon Katolik Oufriye -- ACO] has made a made a statement regarding the crisis (?troubling Haiti these past days). They say:

We are determined to struggle along the same lines as all the small parishes scattered all over the country. We say to the team of missionaries in Jean-Rabvel: Stand fast in the battle they are waging against all the vile maneuvers by the Tontons Macoutes in the area. They should not give up.

Third, in the big struggle we are presently waging, we would have already weakened, had we not had a shepherd leading us. That is why we of the ACO unreservedly support Monsignor Romelus's position as regards the current situation in the country. We support the joint action of the 57 democratic organizations struggling to pull the country out of the confusion in which it finds itself today.

The first Christians, like Saint Irene, used to say: (?a living man) constitutes the glory of God. We ourselves would say: a poor man, good and alive, constitutes the glory of God. Organization or death!

Pierre Gaston, (Jacques A. Petidor), Serge Paul, and Frantz Alexandre sign for the ACO Committee.

EDITORIAL CITES AMBASSADOR'S 'INTERVENTION'

PA140250 Mexico City EL DIA in Spanish 6 Jul 87 p 5

[Editorial: "Campaign Against Mexico, Political Boomerang on Distorters"]

[Excerpts] The speech that U.S. Ambassador to Mexico Charles J. Pilliod, Jr. delivered to the American Chamber of Commerce in Guadalajara -- which we publish today in our testimonies and documents section -- is part of a long tradition of intervention that has been stepped up in recent years through actions, pressures, and statements against Mexico and the free exercise of Mexico's sovereignty. [passage omitted]

With amazing audacity and little regard for diplomatic rules, Pilliod made statements about our economic policy and took the liberty of suggesting there is a need to intensify the policy of opening up the borders. He also endorsed the sale of state-owned enterprises and asked that the Mexican Government reduce its public spending -- particularly the ratio of its deficit to the gross national product. To conclude, he reiterated the U.S. plan to create a common market composed of Mexico, Canada, and the United States. [passage omitted]

Mr Pilliod's remarks on Mexico's foreign policy are even worse than his statements on our economic policy because he not only gave opinions on matters that are exclusively Mexican but also distorted our foreign policy guidelines. After bringing out the obvious fact that Mexico and the United States disagree on the situation in Central America, Ambassador Pilliod took the liberty of asserting that Mexican foreign policy applies a selective critieria depending on the ideological orientation of Latin American governments. [passage omitted]

Mr Pilliod asked that Mexico join the avowed U.S. effort to support democratic Latin American governments that are facing "insurgency with outside support," defend the right to self-determination and, in turn, oppose foreign intervention. The truth is that Mexico has historically defended the principles of self-determination and nonintervention.

Proof of the coherence of its foreign policy is that Mexico has never financed and much less trained or advised groups of counterrevolutionaries like the ones who are trying to overthrow a democratically elected and legally established government like the Nicaraguan Governme . Further evidence of the coherence of Mexico's foreign policy is that Mexico has struggled, along with France, to obtain recognition of the Salvadoran insurgents as a belligerent force. As any diplomat knows, the international recognition of this status seeks to avoid the abuse of human rights encouraged by a war situation Mexico has not supplied arms to any of the forces engaged in this civil war and has not in any way vetoed the opening of a political dialogue to bring peace to the Salvadoran people. On the contrary, as a member of the Contadora Group, Mexico has made countless efforts to establish peace in Central America and has at all times shown the utmost respect for the principles of self-determination of peoples and nonintervent.

These facts are so easy to prove and so evident that any attempt at distorting them will boomerang on the distorter.

OAS ENVOY EXPRESSES CONCERN ON INTERVENTIONISM

FL040140 Mexico City NOTIMEX in Spanish 0347 GMT 2 Jul 87

[By correspondent Jose Carreno]

[Text] Washington, 1 Jul (NOTIMEX) -- Mexico denounced today at the OAS meeting suspicious disinformation procedures attempting to modify sovereign domestic and foreign policies. Antonio de Icaza, Mexico's permanent representative to the OAS, said that no one can allow foreign states, powers, or government officials to give themselves the right to pass judgment on domestic policy matters, which should only be handled by national leaders.

De Icaza spoke during debate on a resolution co-sponsored by Mexico and nine other countries expressing Panama's concern over a declaration made by the U.S. Senate in reference to Panamanian problems and calling for the resignation of Defense Forces Chief Manuel Antonio Noriega for his alleged involvement in electoral fraud and the deaths of leader Omar Torrijos and Hugo Spadafora.

A sovereign state cannot allow foreigners to dictate the composition of its institutions and the application of its own laws in affairs which are exclusively in its own jurisdiction, added De Icaza. The Mexican representative then expressed special concern over efforts to impose on a sovereign state models, systems, and conduct that satisfy self-interests and are based on the aspirations and claims of a people who are the masters of their own destiny and who have the right to select their political, economic, and social systems, as well as organize these in the form most convenient to them, without foreign interference.

That concern, he continued, is aggravated when interventionist declarations or resolutions are made based on unfounded accusations and which are selectively used as disinformation in an attempt to modify domestic and foreign policies of foreign countries.

The resolution was approved by 17 votes in favor (Argentina, Bahamas, Barbados, Bolivia, Brazil, Bolombia, Chile, Ecuador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, Dominican Republic, Uruguay, and Venezuela). The United States voted against the resolution and those who abstained were Antigua-Barbuda, Costa Rica, Grenada, Haiti, Honduras, St Christopher-Nevis, St Lucia, and Trinidad and Tobago.

The representative from Paraguay abstained from voting because he had no instructions from his government. Four countries -- Dominica, El Salvador, St Vincent and the Grenadines, and Suriname -- did not participate in the meeting of the permanent council.

SANDINISTS FIRE ON CIVIL GUARDS AT BORDER AREA

PA150320 Buenos Aires REUTER in Spanish 0227 GMT 15 Jul 87

[Text] San Jose, 15 Jul (REUTER) -- EPS troops today fired six mortar shells at a Costa Rican civil guard detachment. No one was injured as a result of this incident, characterized as an "aggression and a demonstrated lack of respect for Costa Rica."

Security Minister Hernan Garron said this afternoon during a news conference that the incident took place at 1250 (1850 [GMT]) in the so-called Costa Rica delta area on the border with Nicaragua in the Atlantic coast sector.

According to the minister, the Sandinist mortars were fired after civil guards at a Costa Rican post fired two consecutive warning shots at two Sandinist soldiers who had entered Costa Rican territory. "The two soldiers were traveling along the San Juan River aboard a small boat and disembarked upon arriving at the Costa Rican side. When the Costa Rican guards discovered them, they fired warning shots in the air. The Sandinist soldiers retreated, but then returned to repeat the same maneuver," the minister explained. The second time the Sandinist soldiers entered Costa Rican territory, the civil guards fired warning shots again, this time grazing the ground.

The Sandinists returned to their base, located where the Colorado and San Juan Rivers merge, and from there they fired the six mortar rounds, Minister Garron noted. Garron said that three of the shells impacted 250 meters from the civil guard post, and the other three fell into the San Juan River.

The members of the post were instructed to gather evidence of the attack to support a diplomatic protest against Nicaragua.

VOLIO'S CONDITIONS TO ATTEND ARIAS PLAN MEETING

PA131336 San Jose Radio Reloj in Spanish 1330 GMT 12 Jul 87

[Text] Legislative Assembly President Fernando Volio Jimenez has placed conditions on his trip to Panama in response to an invitation to attend the meeting of presidents of the parliaments of Central America, the Contadora Group, and the Support Group.

The deputy for the National Liberation Party asked the president of the Panamanian Legislative Assembly to explain whether at the meeting, which is intended to discuss the Arias peace plan he endorses, attempts will be made to make Contadora take over the plan.

Volio further told Ovidio Diaz, his Panamanian counterpart, that he would not approve of this because the Arias plan is autonomous because it means going from a democratic country directly into violence promoted chiefly by communism in the area, and this plan seeks to promote representative democracy by setting the conditions for peace. [sentence as heard]

ARCE'S REGION 5 TOUR; 'IMPERIALIST AGGRESSION' TOLL

PA140427 Managua BARRICADA in Spanish 10 Jul 87 p 5

[Text] Juigalpa, Region Five -- Commander of the Revolution Bayardo Arce Castano stated here yesterday that the loss caused by the imperialist aggression against our country is already close to $3 billion. He urged all revolutionary forces to work with greater coherence in a single plan that defines this region as a priority area in the entire country.

Arce Castano met at noon yesterday at the INAP [Nicaraguan Public Administration Institute] building in this city with the principal leaders of mass organizations, the regional government, and the Armed Forces in the second day of this working tour in which he was accompanied by the minister of domestic trade and construction and transportation; Major General Joaquin Cuadra, the deputy defense minister; Brigade Commander Lenin Cerna, chief of the State Security Office; and other top officials.

The tour began on Tuesday morning when he received a military report from Lieutenant Colonel Calderon. Later on, cooperative leaders attended a meeting that was like a "Face the People" gathering. In the evening, the delegation talked with a group of 22 men who deserted the contras and sought protection under the amnesty law.

Yesterday, Wednesday, Commander Arce Castano visited war wounded at the Alfonso Nunez Military Hospital after he met with the region's top cadres.

Arce Castano, who is also a member of the FSLN National Directorate, maintained during the meeting that Nicaragua began to force the U.S. aggression to retreat after the SMP [Patriotic Military Service] was institutionalized. This guaranteed the participation of thousands of fighters in the country's defense.

This action was coupled with a change in the date of the electoral process, which was moved forward, and the national readjustment of economic and social plans. By 1985, the government implemented a single working plan for Regions One and Six where the enemy had gathered its largest groups of forces.

This plan was essentially aimed at a military confrontation with these troops but was accompanied by broad policies in agrarian reform and the supply of products to peasants.

Region Five [subhead]

Last year we were able to expel the major portion of the counterrevolutionary forces. We were able to build an insurmountable barrier on the border that even led to tensions with Honduras. At the same time, we dismantled Pastora's southern front, but a problem developed with the displacement of mercenaries to Region Five, Commander Arce Castano added.

The experiences of Regions One and Six, where the government used creativity and took into consideration the nature of each problem, permitted the beginning of strategic defeat, and we were able to act as a single army. We must put an end to the feudal schemes with which certain institutions operate sometimes. We must implement the single plan in this region as a single effort but with a centralized guidance, he said.

The key, Commander Arce Castano stressed, is to strengthen the peasants' self-defense to prop up economic-social plans that include a cattle promotion program which involves the approval of 21 billion cordobas. This program involves the integration of 9,000 cattlemen into cattle production. An agricultural effort that already shows an increase in areas planted is also under way. The economic-social plans also involve the organization of the territory for the distribution of supplies and a housing plan to be carried out by the MINVAH [Ministry of Housing and Human Services], in addition to other tasks.

The areas planted this year include 40,000 manzanas of corn, 55,000 of sorghum, rice, and beans, which can be compared with 23,000 of corn and 30,000 of the other grains that were planted last year, MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] reported.

The Terrorist Objective [subhead]

Noting that there have been 20 contra attacks on peasant settlements in the latest escalation ordered by the CIA, Arce Castano noted that the terrorist objective is to try to show the world that the counterrevolution is still active in its territories. In Region Five, seven private producers have been attacked and their properties destroyed. For this reason, he added, the revolutionary forces must implement a series of mechanisms to better face the aggression.

Although we have bought more than 300,000 rifles, the peasants are still demanding weapons to defend themselves. Consequently, we must work to improve the systems of defense and solidarity, Arce Castano emphasized. The labor leaders, the UNAG [National Union of Farmers and Cattlemen] promoters, or the party officials must make a common effort.

He said that certain tasks must be corrected. After Lt Col Roberto Calderon presented a detailed report on the military situation, Arce Castano admitted there was a need for military cadres to do certain jobs and that there was also a need for agricultural experts for important farming tasks.

One should not believe that prioritizing this is the same as focusing on it exclusively, he said, because the war is not only being waged here. "If we were to take care of everything needed in Region Five, we would be abandoning economic-social plans in other regions," although we have to, right now, take away certain things from other regions to send them here, he said.

He urged the 19 July Sandinist Youth to closely follow the mobilization of Sandino's Cubs, even if it means that, at the job centers, party cadres will have to do their work.

He called for a better use of the regional radio station "because we cannot stop informing the people while dozens of battles are occurring in the mountains" and the enemy is manipulating the people with its radio stations. He urged agricultural experts to use the radio to give guidance to the peasants in their tasks. He said that the rural housing problem could be dealt with using natural materials.

The peasants' hopes should not be raised by telling them "to wait for the delivery of the cement and galvanized iron for the roof, when they have traditionally solved their housing problems through their own means," he emphasized.

Political Audacity [subhead]

Commander Arce Castano criticized, to a certain extent, the regional political work and demanded political audacity in the party's growth in the region. This region shows great revolutionary qualities because Chontales, Boaco, and the Central Zelaya region have continued to face and defeat the enemy.

Regarding the cattle promotion plan, Arce Castano said that there is a delay in the integration of cattle producers and reported that the government has been unable to negotiate credit lines to obtain supplies, machinery, and spare parts. He said that 4,000, instead of 3,000, rolls of barbed wire will be sent per month. He added that more tractors, from those imported this year, will be sent too.

The Transportation Ministry will supply 100 percent of the tires and batteries, as well as the outboard motors needed. We are going to fix, he said, 15 buses because there are no other possibilities. The Construction Ministry promised to get two private companies to fix the roads with the help of personnel from the region, using those who are no longer in the military service, the leader said.

We must apply the logic used in the territorial production system of other regions under the principle "we give you and you give me," because this is the truth and this calls for political work. The producers must be persuaded.

The transfer of peasant families from dry to humid areas will continue. The regional government intends to transfer approximately 100 more families in the next few months. UNAG is meeting 45 percent of the region's supply needs and the Domestic Trade Ministry already specified the supply quantities.

When commander Arce Castano completed his speech, he stressed that the leaders' working styles must be improved. He asked them not to let themselves become absorbed by practical activist tasks, but to lead the tasks with the support of all the revolutionary forces.

ASSEMBLY APPROVES AMNESTY LAW EXTENSION

PA111409 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 10 Jul 87

[Text] The National Assembly today approved an extension of the general amnesty law for those who want to lay down the weapons provided by the Reagan administration to attack Nicaragua. The law will be valid for a year as of tomorrow.

President Daniel Ortega requested the extension from the Nicaraguan Parliament. The Marxist-Leninist Party opposed the request, but the rest of the parliamentary opposition parties approved the bill that extends to amnesty law for a year. They wanted to add pardons to the bill, but that request was rejected by the majority.

[Begin unidentified speaker recording] Amnesty is a superior form of grace, because, by granting it, the state is completely forgetting crimes and their punishments. That is basically why amnesty involves and obeys an overall and open political will in favor of all those who are involved in plots and therefore are not arrested. [sentence as heard] [end recording]

Commander Carlos Nunez talked about the disagreements that were expressed by many representatives.

[Begin Nunez recording] If the national amnesty initiative is proposed, the opposition would jump up and say that the problem to be discussed now is national dialogue. However, if a national dialogue is proposed, some other party would jump up and wonder why the FSLN has accepted the proposal and say that there could be some kind of trap somewhere, and so on and then...[changes thought] now that they modified it so that things are done the best possible way. We are now discussing the extension of the amnesty law. There is proof that the law has been effective. We are discussing neither a general amnesty nor pardons. [end recording]

The extension was approved by the majority. This year alone, the amnesty law has allowed 4,867 counterrevolutionaries to desert as a result of the blows dealt by the EPS, Commander Nunez said.

REBELS READY TO NEGOTIATE PRISONER EXCHANGE

PA111604 Madrid EFE in Spanish 0127 GMT 11 Jul 87

[Text] Tegucigalpa, 10 Jul (EFE) -- The Nicaraguan resistance today advised the Sandinist government that it is ready to hold negotiations to exchange prisoners, it was reported in this capital today.

Enrique Bermudez Varela, rebel commander in the northern region, said that the rebels are ready to negotiate with Managua on the destination of 81 Sandinist prisoners held by them.

"Such negotiations can be held directly with the Sandinist regime or through responsible entities, such as the International Red Cross or the Catholic Church" the Nicaraguan resistance in Tegucigalpa told EFE.

D'ESCOTO ASKS ICJ FOR COMPENSATION FROM U.S.

PA061922 Mana[illegible] Domestic Service in Spanish 1800 GMT 6 Jul 87

[Text] Nicaragua has offically requested the International Court of Justice [ICJ] at the Hague to specify the way the U.S. Government should compensate our country for damages caused through their state terrorism policy. Foreign Minister Miguel D'Escoto Brockman reported this morning that he sent two letters to U.S. Secretary of State George Shultz to discuss compensation, but he was turned down by Shultz. Father D'Escoto said that now we have to await the ICJ, which in compliance with the 27 July 1986 ruling, will decide on the amount and manner of the compensation, ordering the U.S. Administration to pay.

BRIEFS

BULGARIAN, PRC, POLISH SHIPMENTS -- Three important shipments for the Nicaraguan people will arrive at Corinto Port this week from Bulgaria, Poland, and the PRC. Bulgaria will send a donation of medicines, wheat, shoes, hardware products, and fabrics. Poland will send a shipment of anticorrosive paints, shoes, and clothing. Moreover, the PRC will send medicines, agricultural tools, and households articles through a credit line of $12 million, which Nicaragua will pay in 10 years. [Text] [Managua Radio Sandino in Spanish 0000 GMT 7 Jul PA]

DELVALLE INTERVIEWED ON CURRENT CRISIS

PA130230 Lima Television Peruana in Spanish 0100 GMT 13 Jul 87

[Interview with President Eric Arturo Delvalle by unidentified reporter; date and place not given -- recorded]

[Text] [Delvalle] Panama currently is experiencing very trying times, because the Panamanian political opposition has tried to take advantage of statements made by a retired Defense Forces Colonel [Diaz Herrera]. I believe that this colonel made statements out of spite because he was involuntarily retired, clearly intending to harm his commander in chief General Noriega.

These statements have gained some importance with opposition groups because of the source. Those groups have tried to make the most of the statements. I believe it is important for Colonel Diaz Herrera to be summoned to testify. He should be brought to the Attorney General's Office in whatever way necessary to testify. He should say what he knows and back up his statements with evidence to clarify once and for all his charges that include electoral fraud, assassination of General Torrijos, assassination of Hugo Spadafora, and other charges of the institutional order of the Defense Forces [as heard].

[Reporter] Mr President, what is the solution for Panama?

[Delvalle, sighing] I sincerely believe that we must sit down to discuss the situation and not only with political parties; I believe that we must meet with business organizations, which have participated so actively lately...[changes thought] which have shown interest in upgrading political, economic, and social life in this country. I believe that the church also should participate. He should all participate in discussions together as Panamanians.

We have been unable to make the Panamanian opposition act constructively; it has actually been destructive. This is inconceivable. I do believe that the government is making a number of mistakes. I am glad that we are making them, because this means that we are indeed doing something. It is easy not to make mistakes [as heard], because it means that nothing is being done.

However, the opposition's criticism is not constructive in nature; it is destructive criticism against Panama's banking center, against the country's aspirations to consolidate its participation in the canal. We have to fight against the nefarious Law 96-70, which was approved after signing the canal treaties. This law impedes a normal and proper operation and the intent of the treaties themselves.

Therefore, we Panamanians are wasting valuable time, which we must spend upgrading living standards and the social welfare of all Panamanians. Frankly, to a great degee I blame the opposition for this.

[Reporter] We thank you for this interview, but we do not wish to part before hearing your greetings message.

[Delvalle] Of course, I wish to send warm greetings to the fraternal Peruvian people, especially to President Alan Garcia.

We know that you have also faced very trying moments. Regretfully, Panama is currently facing a serious internal political crisis, but we are certain that with the goodwill of the parties supporting my administration and the firm support of the Defense Forces, we will forge ahead. We will soon welcome Alan Garcia in Panama, or perhaps we will be visiting you.

EL SIGLO PUBLISHES DIAZ HERRERA COMMUNIQUE

PA132146 Panama City EL SIGLO in Spanish 13 Jul 87 pp 1, 30

[Quotation marks and uppercase as published]

[Text] On 11 July, Colonel Roberto Diaz Herrera distributed at his home in Altos del Golf a "Special Communique (Confidential)," which contains reflections concerning very confidential situations which Diaz Herrera affirms have occurred in the Defense Force of Panama (FDP). Due to the seriousness of the statements made in the document, EL SIGLO publishes a "text" of the document which reads:

1. Will we -- people, church, responsible authorities, if there are any -- have to wait until "Cain" [General Manuel Antonio Noriega] falls by himself?

2. WELL: DO YOU WANT TO KNOW WHETHER OR NOT I HAVE INSIDE INFORMATION? Majors and captains should find this out -- although now they may put up "shows" proving the contrary.

a. Why at the meeting at headquarters which lasted (Cain drinking as usual with his incurable alcoholism), there were serious discussions among themselves? [sentence as published]

b. Why did he, while being "blind drunk, aim his gun at [Colonel Leonidas] Macias?

c. Why is [Colonel Elias] Castillo disarmed and under arrest at headquarters?

d. Why was Castillo's assistant, Major Alvarez (who has green eyes -- and is in the ground forces) wounded during a rebellion attempt?

e. Why does [Colonel Marcos] Justines continue saying that I am crazy, yet he admits that I was the political brain and that he [not further identified] cannot talk in public and "stutters" when he appears on television?

f. Marcos, is Tony [Gen Manuel Antonio Noriega] aware of how I have learned that you do not agree with Alberto [Colonel Purcell] becoming commander? (Because you have told me that he is "a moron" and though you (with 29 years of service) swore to me that as soon as I left you would do the same? [punctuation as published] You are now dreaming what you always dreamed and told me: That Tony had been a very "lucky" man with the 16 December happenings in Chiriqui, when he became Lieutenant Colonel, but that he had always been a mediocre cadet at the Military School in Peru. You also said that Tony never had either your ability or mine. The truth is that you, with your image and the "submissiveness to the gringos" sold the idea in December 1967 [date as published], as director of DENI [National Department of Investigations], that Omar [Torrijos], Romulo [Escobar Bethancourt], and Materno [Vasquez], and others were communists, and you are now savoring a future position as commander?

g. Why has "Cain" not received approval from France to go there and why is he now looking for permission from Switzerland?

h. Why does "Cain" not want to go very often to Amador (Building 8) [reference to an FDP unit barracks] and why does he spend the whole day at headquarters (trying to avoid coups?) He is indeed right, because Alberto, (am I right or not Alberto?) sent a secretary to see a very good witch, with one of "Cain's" pictures, which was upside down in a "potion?"

i. Why, at a meeting of majors and captains of the Eight Company (P.M. Atlantic Side) about 12 days ago (I am not such a fool as to reveal all I know), did the majors and captains (even though I am not crying over the loss of a rotten and murdering commanding post -- thank God I have been retired with dignity) said that if "Cain" signed a well-known pact he should have complied with it, or else also go into retirement?

j. Why this desire to use barbaric repression in the streets to "burn out" those honest officers (whom Cain persecuted in their careers) such as Eduardo Herrera (a lieutenant colonel who is being kept in Israel because Omar said years ago that he would become commander) or Major Palacios Gondola, an excellent professional officer who was forced to command the El Carmen Church operation?

k. Why from the General Staff were only Justines and Purcell invited to Sandra's wedding?

1. Why did Tuturo go alone, without Mariela? [Delvalle's wife] (Does she get along with Felicidad [Noriega's wife], who speaks very well of the First Lady?) Well, I was also the G-2 [chief of intelligence; Noreiga's former FDP position] and confidential matters are not to be revealed.

COMMUNIQUE:

Even though "Cain," already morally, physically, and politically destroyed, may think, along with some of his homicidal advisers, that with his crimes and brutality of yesterday he has won, and you may feel defeated: THINK AGAIN:

1. They were never as weak as they are now (their desperate actions prove it).

2. He has publicly displayed his Hitlerian methods before Panema, America, and the entire world.

3. He has desecrated the churches.

4. He has increased to 95 percent the number of people who hate him and are against him (some day his forefathers [as published] will regret yesterday, 10 July).

THEREFORE; a. Do not give up (the world's most brutal dictatorship, which we do not wish to bequeath to our children, must be consistently confronted).

b. If "President Delvalle" does not show some sign of basic dignity or if Vice President Esquivel -- who spoke out so civically before -- does not speak out directly against "Cain."

c. Then you must act in legitimate self-defense, fully backed up by law (you know how to defend yourself and your chileren). Await word from the church.

e. [as published] Act with cunning and faith

Greetings.

COMMUNIQUE to THE PEOPLE

1. The whole government is illegal, fraudulent, and lacks credibility.

2. What moral rights does Delvalle have to demand that peaceful demonstrations not take place? Why are they afraid of our country's flag and white flags? Thank God, Panama's destiny is irreversible.

3. With what seriousness or moral fiber do they want me to give myself up to sadism, already demonstrated by so many crimes, so that those I am accusing will be my own jailers?

4. Why do chiefs and officers have to sacrifice themselves alongside someone who does not want to repent, does not want to retire (he is doing his duty), and who acts with so much arrogance?

5. M.A.N.[Gen Noriega's initials] has not even thought about Sandra [Noriega's daughter] (whom I personally like and she knows it because I even went to visit her in Quebec when I went to Montreal with Maigualida [Diaz Herrera's wife]. By not postponing her wedding and holding it hurriedly by his own decision on the same day (yesterday, Wednesday, 8 July), he showed his vanity. (My children have been emotionally upset, he must have enjoyed that).

6. Why, instead of using the cathedral, especially painted and cordoned off for it, did he use the Fort Amdor Chapel and instead of 3,000 guests at ATLAPA [Panama City convention center] he had to beg 200 to come home with him?

7. I am not trying to mock him. (I am not enjoying this: as a Christian I feel sorry for him.) Why did he cry, when he was already drunk around 0430, with Carlos Duque, Carlos Witgreen, Carlos Castillo, and others, saying that he was already lost, that they would have to take him out of Panama in pieces? Why so much arrogance? Why drag, like Hitler in his bunker, good men along with him in his crazy adventure (there are also corrupt ones) but above all, lower ranking officers, subordinates, and humble rank and file?

8. Why so much fear of the July 10 demonstration, and why the psychological warfare to instill fear (through Radio Nacional)?

Does he not know that, thank God, Panama is no longer afraid of him and his hoodlums?

Thank God, Panama will never again be the same country it was before. Even his own children and grandchildren will be able to enjoy a free fatherland with Peace, Justice, Dignity, and Love.

With God we have overcome.

Greetings.

DIAZ HERRERA DISOBEYS THIRD SUMMONS TO APPEAR

PA131743 Panama City ACAN in Spanish 1638 GMT 13 Jul 87

[Text] Panama City, 13 Jul (ACAN-EFE) -- For the third time, [retired] Panamanian Colonel Roberto Diaz Herrera today disobeyed the order of the attorney general to make formal charges against General Manuel Antonio Noriega, commander of the Panama Defense Forces.

Attorney General Carlos Villalaz has summoned Col Diaz Herrera three times to go to court and present evidence of the charges of corruption, abuse of power, and murder against Gen Noriega and other Army officers.

According to Panamanian law, a person who does not appear in court after the third summons is in contempt of court and must be arrested. However, it is not known whether the Attorney General's Office will order the arrest of Col Diaz Herrera, who retired at the end of May.

When he was first summoned, Col Diaz Herrera presented a medical certificate, which excused him from appearing for 3 days due to "severe stress far above normal levels."

At that point, the Attorney General's Office called Dr Jose Rodriguez, nephew of Col Diaz Herrera and the one who signed the certificate, but he sent another certificate signed by Dr Jose Teran, which also excused him [Dr Rodriguez] from appearing at the Attorney Genereal's Office due to "stress."

When the second summons came, Col Diaz Herrera told newsmen that he would only make declarations before a special commission comprised of Catholic Church members. He also said that he, himself, "suggested" the name of Villalaz for the post of attorney general.

ASSEMBLY PRESIDENT ON POSSIBLE SPECIAL SESSIONS

PA140130 Panama City Telemetro Television in Spanish 2300 GMT 13 Jul 87

[Statement by Legislative Assembly President Ovidio Diaz; monitored in progress]

[Text] ...support of the people's rank and file, who backed the present government fully. We must solve the problem of unemployment and the financial crisis. The Assembly is willing to hold special sessions to debate and approve laws of greater social impact for the good of the people who backed their government when it was necessary.

Remarks in Paris

PA110435 Panama City Domestic Service in Spanish 2013 GMT 10 Jul 87

[Text] Legislative Assembly President Ovidio Diaz has said in Paris that the removal of General Manuel Antonio Noriega is not the solution to Panama's crisis, which is promoted by the U.S. Senate and a reactionary element of the State Department.

Upon his arrival in Paris from Rome to meet with Jacques (Belverd), president of the French National Assembly, the Panamanian parliamentarian expressed his determination to play an important role in solving the crisis through an agreement by assembling political parties to hold their elections in 1989. He pointed out that the only solution in Panama is to gather the consensus of all parties in the Assembly around honest elections in 1989, in which the best candidates will win.

He vigorously criticized the United States, and stated that it is seeking the resignation of Noriega and the president of the Republic to establish a government in Panama favorable to its policy of aggression against Nicaragua. Diaz also pointed out that there are U.S. sectors seeking to weaken Panama and to revert to the past concerning the Torrigos-Carter treaties. The parliamentarian rejected charges that there is a dictatorship in Panama. He said that the government defends and respects the Constitution, which guarantees the separation of the legislative, executive, and judicial branches. There is even freedom of the press, which is being used to denigrate honest people, he said. Finally, Diaz invited his interlocutors to participate as observers in a meeting of parliament presidents scheduled to take place in Panama on 30 and 31 July to discuss Contadora Group efforts.

LIBERAL PARTY THREAT TO LEAVE GOVERNMENT REPORTED

PA111905 Panama City QUIUBO GRAFICO in Spanish 9-16 Jul 87 p 1

[Text] The Liberal Party headed by 2d Vice President [as published] Roderick Esquivel has threatened to withdraw from Eric Arturo Delvalle's government if the president does not meet the people's demands to investigate accusations against the military leadership headed by General Manuel Antonio Noriega, involving cases of corruption, crimes, and electoral fraud.

The Liberals also supported Noriega's withdrawal from the Panama Defense Forces while the investigations are conducted by a special commission. A Liberal Party source told QUIUBO GRAFICO that the proposal has been given to Delvalle, who has until 13 July, to answer it.

It is believed that if [Delvalle] does not accept it, the Liberal Party would withdraw from the UNADE [National Democratic Union].

PRIVATE SCHOOLS AGREE TO REOPEN 'TOMORROW'

PA131847 Panama City Televisora Nacional in Spanish 1730 GMT 13 Jul 87

[Text] Directors of private schools who met with Education Minister Manuel Solis Palma this morning agreed to reopen schools tomorrow. According to the agreement, the ministry will give protection to schools requesting it and to school buses in general. The directors reiterated that they are responsible for the security of their schools' administrative personnel and teachers within the school limits, while it is the state's responsibility outside the school premises.

It was reported that the rest of the week -- Tuesday, Wednesday, Thursday, and Friday -- will be used at the director's discretion for exams or evaluating the students. According to the ministry, there may be classes on Saturday, if necessary.

Minister Solis Palma said that any request related to the school year will be reviewed. However, it was announced that, for the moment, the original school calendar has not been changed. This means that private schools will begin their vacation period next Monday, resuming their normal activities the following Monday.

Directors of public schools will meet with education authorities this afternoon to decide when they will resume their school activities.

CRUSADE CONDEMNS 'REPRESSION,' RESTATES AIMS

PA121920 Panama City LA PRENSA in Spanish 12 Jul 87 p 4-a

["Manifesto to the Nation" issued by the National Civilization Crusade in Panama City on 11 July]

[Text] "There is no human power capable of subjugating people who want to be free." -- Bolivar

The National Civilianization Crusade most emphatically protests the irresponsible, unjustified, and stupid display of military force and violence that was unnecessarily unleashed on the afternoon of 10 July 1987 by the Defense Forces in their effort to prevent the realization in front of the El Carmen Church of the Great White Demonstration [La Gran Concentracion Blanca] convoked by this crusade.

It is inconceivable that white handerchiefs were countered with bullets, clubs, and tear gas.

Despite the brutal repression, the Panamanian people conducted themselves courageously, civically, and bravely, setting examples of valor, courage, and dignity in the face of a cowardly soldiers, armed with brute force and impunity. The people's sagacity prompted them to protest on all streets, plazas, sidewalks, and balconies of the city. The result was that a crowd of more than 250,000 participated in the acts of repudiation.

The way in which the government trampled and violated the rights and guarantees contained in the national Constitution, which are fundamental for peaceful coexistence and the safeguarding of the civilian population, was nothing but a reaffirmation of its weakness, ineptness, and inabiliity to face civilly and intelligently the repudiation of all the citizens of a regime that must end.

The National Civilianization Crusade emerged spontaneously from among the citizens, who are fed up with the absence of justice, freedom, and democracy. The absence of these principles has generated government corruption, immorality, inefficiency, and administrative ineptness, all of which provide evidence of a profound national crisis demanding immediate correction.

That is why the National Civilianization Crusade aspires for the country to return to decency; that there be honesty in the handling of the public administration; true peace, respect for human rights; that the popular will be freely expressed at the polls; and that respect for the moral and ethical principles of the Judeo-Christian culture exist. [paragraph continues]

Likewise, the Crusade's objectives include a return to freedom and real, true, and effective democracy; the establishment of an independent judicial branch, staffed by capable people who will administer justice impartially to guarantee freedom, democratic institutions, and our rights; the establishment of a public administration comprised of capable and honest officials; and the achievement of a country that is truly sovereign in all its territory and controls its natural resources without subordination or submission to any foreign power.

Consequently, the National Civilization Crusade demands:

A) The immediate reorganization of government institutions so that the country will follow a truly democratic course.

B) Investigation by an independent commission of the crimes that were recently confirmed and or denounced.

C) Immediate separation from office of those implicated in the crimes to be investigated by the independent commission.

D) Respect for the Constitution by the Defense Forces, which will be subordinate to civilian power, making it professional and an apolitical institution, the members of which will be protected by the rules of the military echelon.

E) Immediate reorganization of the legislative and judicial branches of government, and of the Electoral Tribunal.

F) Full restoration of civil liberties and fundamental guarantees contained in the national Constitution.

We urge the population to remain united round the Civilianization Crusade, supporting its actions of peaceful struggle and civil disobedience, because only continuous expressions of repudiation against the regime will make possible the achievement of the national objectives. Let us remember that "he who decides to be free is free." (Bolivar)

We want a country where decency, harmony, and peace will prevail, where national wealth will be justly distributed; where Panamanians will reach high levels of human development, and where men will be able to freely attain their hopes and be assured an honorable existence.

Only by eradicating the military tyranny will we be able to enter the community of free nations.

CIVILIANIZATION CRUSADE LAWYER DISCUSSES APPEALS

PA140125 Panama City Telemetro Television in Spanish 2300 GMT 13 Jul 87

[Text] Civilization Crusade lawyers said during a news conference this afternoon that the writs of habeas corpus on more than 80 petitions related to the recent disorders and filed with the Supreme Court of Justice are in progress. They also said that if authorities abide by the established procedures a positive response should occur within 48 hours. On behalf of volunteer lawyers, Roberto Aleman Jr said that the people involved have been detained illegally.

[Begin Aleman recording] These habeas corpus writs are based on the following: 1. These people have been detained without legal cause. 2. The people detained have not been informed of their constitutional and legal rights. 3. The people detained have not at any time been given the benefit of a lawyer's assistance in judicial and legal procedures, as set forth in the Constitution. 4. The people detained have been deprived of their physical liberty without any written order by a competent authority according to legal formalities and in accordance with a cause defined by law. 5. Last, but not least, most of the people detained have been deprived of their liberty for more than 24 hours and have not been turned over to a competent authority.

About 80 habeas corpus writs were filed this morning. Between 30 and 40 others have been prepared. The list continues to grow. During the day, we have continued to receive phone calls from relatives, friends, and neighbors of people either known to be detained because somebody saw them arrested or saw those who have been reported missing. [end recording]

OPPOSITION SPOKESMAN ON PRISONERS 'NEGOTIATION'

PA140503 Panama City ACAN in Spanish 0403 GMT 14 Jul 87

[Text] Panama City, 13 Jul (ACAN-EFE) -- Antonio Cabal, spokesman for the National Civilianization Crusade, tonight charged that the Defense Forces of Panama are trying to "negotiate" the release of 683 "political prisoners" with the opposition. Cabal, a finance professor at the Santa Maria la Antigua University in Panama City, told ACAN-EFE that the message regarding the negotiation of what he called "the hostages," was delivered by Gabriel Diez, former president of the Panama Chamber of Construction. The message was sent by General Manuel Antonio Noriega, commander in chief of the Defense Forces.

The spokesman for the "Civilianization Crusade" said: "Our position is that a human life is not negotiable and no one with moral sense would ever attempt to negotiate with a life, especially the life of a Panamanian under these conditions." The so-called "Civilianization Crusade," comprised of approximately 100 professional, business, and civic organizations, is responsible for the coordination of the protest actions against the government and the head of the Armed Forces.

The leaders of this civic opposition group met this afternoon at the headquarters of the Chamber of Commerce, Industry, and Agriculture in Panama City to evaluate the situation of the persons who were arrested during Friday's protest demonstration.

Cabal said that the Crusade "has requested the help of 20 lawyers to present writs of habeas corpus before the Court of Justice for those arrested and whose arrest, in every sense, has been illegal." From the beginning, the "Civilianization Crusade" was formed as a civic and peaceful protest movement. Meanwhile, violence is created by the official sector through the ill-named Defense Forces and the paramilitary groups sponsored by the government and the Armed Forces, the spokesman added.

"Our position," Cabal said, "is one of constant struggle and our greatest achievement has been to create an awareness among the people regarding the military nature of the regime that oppresses us." Tomas Antonio Cabal believes that "the completely illegitimate and fraudulent nature of this regime -- which views handerchiefs, honking, and pot-banging as high treason and sedition -- has been brought out in the open."

Tomorrow, 14 July -- the day of liberty [reference to France's Bastille Day] -- the members of the "Civilianization Crusade" will peacefully occupy the main streets of this capital to protest with white handkerchiefs, honking, and pot-banging "the negotiations that the central government wants to hold with our members being held under arrest," Cabal stated.

The Panamanian Human Rights Committee presided over by the 1986 Nobel Peace Prize winner Osvaldo Velasquez today sent a letter to the archbishop of Panama, Marcos Gregorio McGrath, to ask him that the Catholic Church intervene in favor of the "political prisoners." The letter to the prelate states: "There are reports that there are several hundred political prisoners, people who were arbitrarily deprived of their freedom because of the recent events."

The letter adds: "We also know that they are being kept in inhumane conditions, that their physical, psychic, moral, and spiritual integrity is in danger" and that "many of them have been put in cells with common prisoners and therefore are exposed to all sort of abuses, including sexual abuses."

The letter addressed to the Panamanian archbishop noted: "The legal resources that have been presented, not only could result in nothing more than wishful thinking; they are also subject to delays that are unacceptable under the current circumstances."

Since the beginning of June, Panama is under a wave of social agitation that was initiated by charge by retired Colonel Roberto Diaz Herrera against the Panamanian military authorities. Diaz Herrera, who, until the end of May, was chief of staff of the Defense Forces, has accused General Noriega of being involved in "political corruption, assassinations, robbery, and drug trafficking." However, he has refused on three occasions to go to the office of the nation's attorney general, Carlos Villalaz, to formally present charges.

OPPOSITION DISCUSSES NEED FOR GENERAL STRIKE

PA111820 Paris AFP in Spanish 1621 GMT 11 Jul 87

[Article by special AFP correspondent Arturo Gudino]

[Excerpts] Panama City, 11 Jul (AFP) -- Calm returned to Panama today after Friday's [10 July] violent incidents, but the political crisis shaking the government, far from having ended, appears to be getting worse, political observers here believe.

Hundreds of soldiers and antiriot police armed with tear gas grenade launchers and tear gas dispersed a demonstration of strength by opposition groups that are demanding the resignation of Panama Defense Forces [FDP] Commander General Manuel Antonio Noriega. [passage omitted]

"The intransigence of the rival sectors is leading the country into a blind alley. Deep wounds have been inflicted on our society," a Panamanian businessman who chose to remain anonymous stated.

The political struggle in Panama, characterized by violent street incidents, looting of stores, and a fierce campaign of charges and countercharges through the media, entered its 1st month, destabilizing a country whose main pillar of its economy is the banking system. Some 120 national and foreign banks with assets close to $36 billion operate in this city.

Bank officials have voiced their concern over the turn of political developments and, although official figures have not been given, it is estimated that several hundreds of million of dollars have been sent abroad. Also, the United States, as guarantor of the security of the Panama Canal, where 10 percent of world trade crosses, is closely keeping abreast of development.

In these circumstances, analysts believe that the Panamanian crisis cannot be extended much longer, because otherwise the country will suffer irreversible damage. However, the prospects for dialogue that were opened Tuesday when President Delvalle appealed for "harmony and understanding" were erased by Friday's incidents.

Also, Gen Noriega, "the strongman of Panama," exacerbated the opposition even more last night when he told a television network that those who are against him "are some 5,000 Panamanians. If a plebiscite was held and the majority of the 2 million inhabitants asked me to leave, then I would do so," the general stated.

Meanwhile, the National Civilianization Crusade, which groups businessmen, bankers, labor organizations of professors, workers, and students, and the Democratic Opposition Alliance (ADO) headed by the Christian Democrats, said they will persist in their struggle to restore democracy.

In statements to AFP, Christian Democratic leader Ricardo Arias Calderon said that the government is not leaving them any other alternative but to hold a general strike. "We are headed toward a general strike and a civilian rebellion," Arias said when asked about Friday's incidents. [passage omitted]

ESQUIVEL VIEWS LIBERAL'S ROLE IN UNADE

PA082310 Panama City Cadena Exitosa in Spanish 2000 GMT 8 Jul 87

[Report by correspondent Rolando Aurelio Menard]

[Text] Listeners of the great Cadena Exitosa, we are now at the Republic's Vice Presidency which is located in the tower of the National Bank of Panama. Moments ago, Vice President Roderick Esquivel held a news conference with the national and international media. Dr Esquivel made public a resolution approved during a meeting of the Liberal Party's Political Commission in which the participants express to President Delvalle their rejection of the manipulation of the news and the closure of the media, and their rejection of all repression by paramilitary and extreme left-wing groups against civic demonstrations that [word indistinct] regarding the rights of others. They also demand that the government promptly authorize the reopening of closed radio stations.

The commission members also protested against incitements to engage in a struggle of classes, organized attacks and the destruction of public or private property, against attacks on people, and against the recent attacks on diplomatic installations.

They also vehemently censured the apathy of the proper authorities who regard to repressing and punishing these kind of actions. Here is what Dr Roderick Esquivel said:

[Begin Esquivel recording] Today, I will speak in my capacity as president of the Liberal Party and on behalf of the National Political Directorate of that party. That directorate, which is made up of representatives of the entire Republic; that is, of the party's rank and file, met last night.

We participated in a very lengthy meeting. We first discussed a resolution signed by a large number of Liberals and members of that political directrate requesting that the Liberal Party withdraw from the National Democratic Union [UNADE].

That request, that resolution was rejected. However, the Liberal Party last night approved a resolution which clearly outlines the party's position. We wish to make those feelings public to allow all Liberals in the country to understand the position of the Liberal Party. We joined UNADE with the sole and exclusive purpose of helping to lead this country toward an effective democracy led by civilians, and including the withdrawal of the professional Defense Forces. That was and is the mandate of the Liberal Party convention and of the national directorate.

We are part of a difficult alliance that is filled with incongruities, an alliance in which the Liberal Party has suffered a number of problems that have been tolerated only because we believe the country is evolving toward a democracy. These incidents that worry us today are the product of this transition.

Approximately 3 years ago, a former general of the Defense Forces, who was also a presidential candidate for one of the parties that had thrown its hat into the political arena, on his own account suspended all guarantees, closed the newspaper LA PRENSA and all other newspapers, ordered that acid be poured onto the presses, and when someone protested on the streets, that person was either exiled or beaten up.

We notice that the Panamanian citizens are beginning to realize what a democratization process is. However, we oppose the manipulation of this process in favor of groups advocating violence, which are poorly organized political or ideological groups.

Everything we are seeing now is the result of a number of differing factors experienced by various sectors of the community, which are emerging at this moment. In fact, they should be emerging to allow our country to decide what it wants for itself.

However, we cannot support chaos, because we have advocated peace; not a forcefully imposed peace, but a peace resulting from social justice and based on man's rights. We must struggle to achieve this even at the political cost that the Liberal Party is paying and has paid during the elections for respecting our ideology and Panama's democracy.

During last night's meeting, we approved a resolution condemning the National Assembly for its irresponsible and frivolous accusation against Roberto "Chato" Aleman -- a distinguished member of the Liberal Party's political directorate -- of treason and sedition against the fatherland. He is completely innocent of all those charges. He is a man who has rendered great service to this country and to democracy and who has contributed to seriousness, decency, and peace in this country.

As president of the Liberal Party, I called the president of the Legislative Assembly to complain about the resolution.

I personally spoke with Lieutenant Colonel Marcos Justines. I talked to President Delvalle and expressed my complaint. However, the next day, a local ERSA [government-controlled Renovacion Publishing Company, Inc paper published a picture of Roberto Aleman; the paper said that he was a traitor to the homeland and a seditious man.

We consider that to be a direct attack against the Liberal Party; it is a statement that says that some of our ways and convictions are not in accordance with interests within UNADE. However, we are going to remain in UNADE and they will have to hear our voice.

Last night, our party criticized that action. Other members of the Liberal Party have been persecuted and cornered only because they have publicly expressed their ideas. We know of some newsmen who are currently being cornered. I know of one particular newsman -- you all know him. I do not want to mention his name, because I would have to mention others. The paranoia and coercion are not in accordance with a democratic transition, but they do exist. We have to struggle against them and do so bravely.

In this important Liberal communique, which is comprised of four articles, we expressed our disagreement with the closing of any media source. We think that the media must be respected. In turn, newsmen should respect the truth and their profession. To be a newsman is not to have unlimited license. The government should protect the freedom of the media and not close them under any circumstance. It should allow the media to responsibly tell their truth. A government incapable of governing a country within a legal framework has something wrong with it and that problem must be corrected.

In this resolution, we directly denounce all forms of repression, particularly repression promoted -- out of fear -- by extreme leftist groups and paramilitary groups, regardless of whether those groups support or oppose the government. We publicly protest the statements by members of certain UNADE parties to the effect that the core of the problem is a class struggle, a struggle which they then try to promote. Those people are avoiding the truth, the discontent of the Panamanian society and the impatience of that society for a more rapid transition toward a fair and true democracy.

We protest the attacks on and the organized and directed destruction of private or public property as well as the attacks on any person. We particularly protest and vehemently condemn the recent attack on a diplomatic establishment, which was carried out before the notorious passivity of the authorities who should have protected those installations. We protest that. We express our disagreement with the government's inability to protect diplomatic installations in Panama.

The Panamanians' right to dissent must be respected. No one should have to fear that tomorrow they will be called by the Attorney General's Office to make declarations, because they have been accused of sedition or other things. If someone is summoned by that office, his human rights should be respected. He should not be filled with fear or be summoned by arrogant individuals who even frighten professionals.

In our communique, the Liberal Party political directorate expresses its complete agreement with the intentions outlined in the recent speech delivered to the nation by the president of the Republic.

However, we feel that the speech did not satisfy the desires of this nation's people, because it did not outline specific actions that would prevent the presidential message from becoming more rhetoric. The Panamanian people's manifest discontent must be truly satisfied.

Therefore, we recommend that the Panamanian president ensure the fulfillment of his urgent call to the Attorney General's Office to investigate the accusations made by Colonel Diaz Herrera, retired, but without favoritism or illegal protection for anyone involved in the investigations. We also recommend that through legal means he appoint a commission, or that the assembly appoint a commission that would contribute to the investigation by the Attorney General's Office. We make these recommendations because we admit that the state institutions have lost credibility in the eyes of the people. We have to act to restore trust in our actions.

Based on the president's speech, which we strongly support, we also recommended that the executive branch directly advocate the effective reorganization of the electoral tribunal and that he promote the necessary amendments to the electoral code with the participation of all the political parties so that the citizens can go to the 1989 and other future elections without the shadow and frustration of a possible electoral fraud.

People must be sure that suffrage, which is sacred for democracy, will be guaranteed, truly guaranteed, not only technically, but also in the Panamanian people's trust and minds by means of their electoral tribunal.

Regarding President Delvalle's remark that the Defense Forces should return to their true professional functions, we add and recommend that this desire should be implemented through immediate measures to restore the public's confidence in the Defense Forces, a very important institution. The people and the country should be able to trust their Defense Forces. It is up to the executive branch, the president of the Republic, and the judicial branch to take the necessary measures within this reality so the people's trust in this institution can be restored. The Liberal Party also stresses the need to abide truly, objectively, and effectively by the Constitution and the law, and apply such laws to all equally, both to those who back or who oppose the government, to the independent, the small-scale and the large-scale operators, the rich and the poor, the professionals, workers, artisans, and to everybody equally. For this, the government should foster a true, effective, and clear purge of the judicial branch, because democracy will not work if the people have some grounds not to believe in the organ in charge of administering justice. This organ should be able to guarantee the country's law in a de jure state.

We also ask the government to guarantee the dignity and independence of rights of public officials so they can live free from the fear of being removed because they do not agree with their superiors. They should feel free of the fear of being dismissed because they do not attend a political event as demanded by their superiors. Public officials should feel free to participate in politics on a voluntary basis. Their posts should not depend on their obeying or disobeying political orders to participate or not to participate in marches or demonstrations. Finally, we underline the need for the president's appeal for national concord to be specific, and call on all of the country's political parties, the Civilianization Crusade members, the independent trade unions, the representatives of the labor and employers' sectors, and the church to sit down and hold a national dialogue to discuss the grave problems elicited by the transition into democracy and peace and Panama's future as a democratic nation.

Fourth [as heard], we appeal to and warn all Liberals of the country. The National Political Directorate condemns the participation of officials or members of the Liberal Party in actions at variance with principles of democracy, justice, liberty and, particularly, political decency. This is the summary of a long session. I hope I have voiced the Liberal Party's official opinion at this time. We will continue our struggle for effective democracy in Panama. [end recording]

Concerning the resignation of Dulcidio Conzalez -- member of the Liberal Party's political committee -- because this party refused to leave UNADE, Esquivel said:

[Begin Esquivel recording] Unlike a Marxist-Leninist party, the Liberal Party is not used to effecting large purges. The party does not demand that its members hold certain civic or political-military opinions. Mr Chiari's lack of ideological identification with the Liberal Party's interests does not mean that the Liberal Party is split. Unity is the party's characteristic. During last night's meeting, a political directorate member resigned because of the rejection of a resolution saying that the Liberal Party should have UNADE and the government, and oppose Delvalle's regime. This gentleman resigned because the resolution was voted against. This is characteristic of the Liberal party. Also, most of the party's political directorate members are independent. The names of most of them do not appear on any payroll. Those who serve the government have forsaken their protection and left their businesses and jobs. [end recording]

The vice president of the Republic and president of the Liberal Party finally said that they do not demand any political space and that they only hope to consolidate national democracy.

PDC COMMUNIQUE ON SOLIDARITY, INTERVENTIONS

PA082235 Panama City EL SIGLO in Spanish 6 Jul 87 pp 1, 8

[Communique issued by the Christian Democratic Party in Panama City, dated 19 June; passages within slantlines published in boldface]

[Text] The people already have overwhelmingly expressed in the streets that democracy and nationalism are inseparable. Solidarity means supporting the people's struggle to live in democracy. Helping those that oppose this struggle is interventionism. The people's democratic self-determination is what justifies the nationalist demand for non-intervention.

/Evidence of interventionism that has been used to keep General Noriega in power:/

The Panamanian people know very well that General Noriega and his immediate clique are the ones that have most profited from interventionism. Only in this manner have they been able to stay in power against the people's will.

/There is much conclusive evidence:/

1. He [Noriega] wrote a memorandum to U.S. General Galvin, as if he were a subordinate, to explain how and why he removed [Nicolas] Ardito Barletta from the presidency.

2. In the past two years he has held the largest joint operations with the U.S. Army; it started on 9 January, and the memory of our martyrs was desecrated by this.

3. He hired the /services of a U.S. public relations firm/ to influence that country's government in his favor, using funds that belong to the Panamanian people.

4. He has handpicked the presidents that /have been complying with the conditions imposed by international financial institutions/ even though they will damage our national economy and will reduce social security benefits.

5. He has protected the nation's attorney general so he could /negotiate a deal with U.S. officials/ before the National Assembly was told, and so he could participate in foreign legal actions without respect to Panamanian legal proceedings.

6. He has profited from /all sorts of U.S. financial aid and aid from other sources/ and used the aid to strengthen his power without alleviating the situation of our country's poorest people.

7. He has searched for and obtained /the televised intervention of Fidel Castro/ to help him when THE NEW YORK TIMES published accusations against him.

8. He encouraged /Daniel Ortega's personal intervention/ to help him when the people rebelled in the streets.

Gen Noriega, his clique, and even the local communists have approved all these forms of intervention to impede the Panamanian people's democratic self-determination and, in this way, to remain in power.

/Evidence of gestures of solidarity with the Panamanian people in their struggle to obtain democracy:/

Now things have started to change because the people are winning the fight.

The statements made by numerous political parties and leaders, as well as editorials that have appeared in Latin American and European media supporting the Panamanian people's struggle to obtain justice and democracy are also /clear gestures of solidarity./ The same can be said about the recent resolutions issued by the U.S. Senate and the House of Representatives Foreign Affairs Committee's Western Hemisphere Affairs Subcommittee.

These statements and resolutions have done nothing more than express support for the outcry that has often been expressed by the overwhelming majority of the Panamanian people. Specifically, they support the statements made by the /National Civilianization Crusade,/ which is composed of civic, professional, and union organizations; the Patriotic Council that encompasses the democratic parties; and the /Panamanian Episcopal Conference/ that unites the bishops of the Catholic Church.

/Whoever says that to support this outcry means to work for the canal to not become Panamanian, lies. Whoever says that to support this outcry means to favor war in Central America, also lies./ [paragraph continues]

The truth, the only truth, is that supporting this outcry means to support the two fundamental demands of the Panamanian people: that Gen Noriega be separated from his post until an independent investigation is made of the serious accusations that have been made against him, and that as soon as possible our country be democratic and decent so that we may be able to have the first legitimate government in almost 20 years.

/The Panamanian people are decidedly against interventionism and in favor of solidarity:/

The Panamanian can distinctly and clearly choose between the interventionism of those that aid Gen Noriega to stay in power and the solidarity of those who support the Panamanian people in its struggle to live in democracy.

We are not tricked by hopeless campaigns made by manipulated employees and alleged submissive "leaders."

The overwhelming majority of Panamanians maintains unity in thoughts and actions. We are winning this fight and we will surely triumph.

/No to military dictatorship with foreign aid/

/Yes to democracy with national pride/

Panama, 29 June 1987

MSGR MCGRATH ON DIALOGUE, FDP 'REPRESSION'

PA122019 Panama City ACAN in Spanish 1903 GMT 12 Jul 87

[Excerpts] Panama City, 12 Jul (ACAN-EFE) -- Today Panamanian Archbishop Msgr Marcos McGrath condemned the "exaggerated repression" and "unnecessary" military development during the past few days, noting that in fact fundamental guarantees were suspended.

In statements to ACAN-EFE, McGrath rejected "the excesses committed" on Friday by the Panama Defense Forces [FDP] which prevented an antigovernment demonstration from being held near the downtown El Carmen Church.

According to McGrath, with Friday's actions by the FDP, constitutional rights have, in fact, been suspended, such as arrests without charges, freedom of association and demonstration, and the inviolability of the home. The bishop was alarmed by the "unprecedented" attacks and aggressions against persons who offered no resistance, relating how eight troops vented their fury on "a woman who was only carrying a bouquet of flowers."

He said that he does not know how many persons were wounded or arrested. However, he noted that he is concerned about the promised sentences without charges given dozens of persons, lasting from 3 months to 1 year.

In regard to the possibility of a dialogue, the Panamanian prelate said that neither the government nor the opposition have a real "disposition" to talk, despite the interest demonstrated by the church in that regard.

Nonetheless, he positively evaluated the appeal for national conciliation made by President Eric Arturo Delvalle, an appeal which as yet has not found an echo among the rival parties.

McGrath explained that a dialogue is possible only if there can be a starting point with a working agenda, including the causes of the Panamanian crisis. [passage omitted]

McGrath officiated a mass at noon in the gymnasium of the Santa Maria La Antigua University (USMA), of which he is the president. "We are neither with the government nor with the opposition: We are for peace," the prelate told his audience. [passage omitted]

The USMA will be closed tomorrow to protest all the attacks and threats received and "the cruelty" shown by the FDP in halting the demonstration. The National Civilianization Crusade has announced that it will continue protests to demand of the government an investigation into the charges of corruption, abuse of power, and assasinations in which the head of the FDP, General Manuel Antonio Noriega, is implicated.

ABADIA ON MISSION OF SPECIAL ENVOY TO U.S.

PA131821 Panama City Circuito RPC Television in Spanish 1741 GMT 13 Jul 87

[Text] Panamanian Foreign Minister Jorge Abadia Arias has discussed the work by Aquilino Boyd in Washington, D.C.:

[Begin recording] [Abadia] The executive branch decided to appoint Aquilino Boyd as special ambassador on an extraordinary mission, with the sole purpose of telling our truth in the United States, to say what are the real problems we are facing; what our possible solutions are, and so that the highest Washington circles will learn from a responsible and serious voice -- namely, that of former foreign minister and former ambassador to Washington, Mr Aquilino Boyd -- what is really happening here and why. That is Ambassador Boyd's mission, and he is carrying it out to our satisfaction.

[Reporter] What are the initial U.S. reactions to this new diplomatic effort by our country?

[Abadia] Very favorable, because they are learning from a truly very honorable man with respected political background that things are not as they had been told. Naturally, at high levels in Washington the initial reactions have been very favorable.

[Reporter] The Panama Canal Commission board of directors will meet soon, and financing for the expansion of Culebra Cut will be discussed. What instructions do the Panamanian board members have?

[Abadia] We will meet with the president of the Republic tomorrow to discuss with our representatives to the board of directors a very important topic: the expansion of Culebra Cut. Without that financing and that expansion project, the canal will soon become obsolete, something that greatly worries us. I believe that the United States shares this concern. [end recording]

LA REPUBLICA ON U.S. DESTABILIZATION 'CAMPAIGN'

PA140131 Panama City LA REPUBLICA in Spanish 12 July 87 p 6-a

[From the "Vox Populi" column by Luis Restrepo: "The Proconsul's Desperation."]

[Text] After former U.S. President Jimmy Carter and former head of the Panamanian Government General Omar Torrijos signed the Panama Canal Treaty in Washington on 7 September 1977, which was approved by the U.S. Senate with a resolution issued on 16 April 1978; the U.S. Congress approved U.S. Law 96-70 on 15 January 1979 establishing standards for the United States to interpret the Panama Canal treaties in the way they considered more effective for the preservation of their imperialist interests in Panama.

Section 1111 of that law, ordered the U.S. President "to initiate immediate negotiations with the Republic of Panama for the quartering of U.S. military forces and the maintenance of installations and facilities for the use of those military forces in Panamanian territory after 31 December 1999."

The Republic of Panama never accepted the provisions of U.S. Law 96-70 nor the amendments and reservations added to the 1977 Panama Canal Treaty. The letters of rejection written by Gen Omar Torrijos, former Panamanian President Basilio D. Lakas, and former Panamanian President Aristides Royo remain on record.

Within U.S. Central American policy, Panama was supposed to become a spearhead for the aggression against Nicaragua, whose government had been declared non grata by the U.S. Government. There were times when it seemed that the Panamanian leaders were about to accept the thesis that the Panamanian border extended as far as "Penas Blancas on the Nicaragua-Costa Rica border."

However, when, in August 1983, General Manuel Antonio Noriega became commander in chief of the then National Guard and adopted a leading nationalist position announcing that "the steps fixed by Torrijos would be fulfilled" and that on 31 December 1999, not a single U.S. military man would remain in Panama, the U.S. State Department and the Pentagon initiated a gradual strategy to attain their goals; in other words, to find Panamanian allies willing to accept the Yankee imperialist intentions in Panama in accordance with the plans of the "Santa Fe document" General Wallace Nutting [former commander of the U.S. Southern Command] insisted that it was urgent to attain Panama's agreement before 1990, because if that was not the case they would have to dismantle the military complex known as the Southern Command.

This aggressive and provocative strategy has been maintained in the hope of breaking the Panamanian's patriotic and nationalist will. The idea that the Canal can be privatized and operated by a U.S. industrial firm has also been fostered.

Following the "Santa Fe document" proposals, Dr Eva Loser was sent to Panama and she took advantage of a private enterprise forum to shamelessly propose that "in the 1989 election Panamanians should elect a president who would be willing to collaborate with U.S. regional interests and who would also accept the U.S. military presence in our country after the termination of the present canal treaty. [quotation marks as published]

Within that same "Sante Fe document" outline, the U.S. proconsul [reference to U.S. Ambassador Arthur Davis] in Panama has organized and financed an anti-Panamanian campaign that has been going on for more than 5 months. One of the objectives of this campaign is to promote panic among the National Bank and Saving Bank depositors, and to discredit the judicial branch, the electoral tribunal, and the commander of the Defense Forces. U.S. senators and congressmen have arrived like locusts on the isthmus, to preach a morality that they do not possess. The U.S. Senate approved a humiliating resolution against Panama, its government and its people. This resolution has been rejected by the OAS, the Nonaligned Movement and the free countries of the world. Meanwhile, as it has been shown by photographs, U.S. agents have blended into the protesting groups so as to further violence. Fortunately, they did not achieve this. The proconsul is desperate and will continue his perverse schemes against Panama and its people. If possible, he will promote the schemes with more violence, even though a Panamanian official considers him "his fraternal friend."

Last Wednesday's great nationalist manifestation warned the Yankee proconsul: /On the road to defend sovereignty, independence and peace among Panamanians. Not a step backward!/ [preceding passage within slantlines published in boldface]

AERONAUTICS DIRECTORATE RECEIVES CUBAN DELEGATION

PA072226 Panama City CRITICA in Spanish 6 Jul 87 p 12

[Text] The Civil Aeronautics Directorate's information office has reported to citizens that recently a delegation from the Cuban civil aeronautics office visited Panama City. The delegation was headed by Abelardo Sanchez Gutierrez, Cuban representative to the International Civil Aviation Organization; Joaquin L. Rodriguez, delegate and chief of aeronautical policies in the Cuban Civil Aeronautics Office, and Guillermo Alvarez Diaz, delegate and general manager of Cubana Airlines in Panama.

The purpose of their visit was to meet with their Panamanian counterparts and discuss matters related to the air traffic between both countries; specifically modifications to the route chart included in the annex of the air transportation agreement signed by both countries on 11 July 1975.

The Panamanian delegation was headed by Major Pascual Gonzalez, Civil Aernautics general director; Captain Miguel von Seidlitz, alternate head of delegation and deputy general technical director; Carlos Batista, delegate and air transportation and labor director; Ernesto Espinosa A., delegate and legal adviser of the Air Transportation Directorate; Robinson Urriola, delegate and director of air navigation; and Julio Vidal, delegate and civil aeronautics school director. The Panamanian delegation presented the Cuban delegation with a project for an agreement that would exclusively regulate the air cargo services that could be added to the annex of the agreement, for its due study and evaluation.

Moreover, both delegations discussed the authorized frequency of flights in the route chart and how it can be used more efficiently in passenger, cargo, and mail services and/or a combination of same. Finally, the Cuban delegation expressed their interest in technical training at Panama's School of Civil Aeronautics, especially courses in airport control, air traffic, and manual labor. These courses could be offered under the sponsorship of the United National Development Program (PNUB) or an agreement for this purpose could be signed between both countries.

ARMY DEPUTY CHIEF OF STAFF GONZALEZ RETIRED

PY140228 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0010 GMT 14 Jul 87

[Excerpts] Buenos Aires, 13 Jul (NA) -- A Defense Ministry source today reported that the ministry today ordered the retirement of Army Deputy Chief of Staff General Fausto Gonzalez, who had "serious discrepacies" with Army Chief of Staff General Dante Caridi. Regarded as a consequence of the Holy Week crisis, this replacement in the Army leadership is not expected to affect the chain of command or to involve "a hardening" against the officials involved in the April events.

The source added that the replacement of Gen Fausto Gonzalez is "a first step toward solving the Rico problem," thus alluding to the situation that developed within the Army after the uprising headed by former Lieutenant Colonel Aldo Rico, who has to answer charges in both civil and military courts. [passage omitted]

Concerning the discrepancies between Gen Gonzalez and the Army chief of staff, a military spokesman said such discrepancies center around the method that Caridi has been using to run the Army, and around the "treatment" he has reportedly given some officers involved in the April events. The source, however, flatly denied that the decision may be met by a reaction of resistance or disobedience among mid-level officers.

The retirement of Gonzalez will not affect the chain of command. Meanwhile, reliable sources have said that the replacements will affect only the higher ranking mid-level cadres. The decision is not expected to have further effects on the officers involved in the Holy Week events, because their cases are being heard by the military courts. [passage omitted]

New Deputy Appointed

PY140025 Buenos Aires TELAM in Spanish 2230 GMT 13 Jul 87

[Text] Buenos Aires, 13 Jul (TELAM) -- In a communique, which states that no more changes will be made in the chain of command, the Defense Ministry officially reported tonight that Brigadier General Miguel Abatte has been appointed Army deputy chief of staff.

The communique textually states the following:

Brigadier General Miguel Wenceslao Abatte was appointed today as Army deputy chief of staff. Brig Gen Abatte is replacing Brigadier General Fausto Miguel Gonzalez.

The newly appointed Army deputy chief of staff will be installed in a ceremony scheduled for tomorrow at 0900 at the Army staff headquarters.

Brigadier General Enrique Jorge Bianchi has been appointed as Army inspector general and general director of the Military Institutions, the positions left vacant by Gen Abatte's promotion.

No other changes will be made in the chain of command.

Replacement Causes Unrest

PY150213 Buenos Aires DYN in Spanish 2218 GMT 14 Jul 87

[Text] Buenos Aires, 14 Jul (DYN) -- Army officers today held consultations and closed-door meetings in Army garrisons throughout the country, in the wake of last night's surprise replacement of Army Deputy Chief of Staff General Fausto Gonzalez by General Miguel Wenceslao Abbate, a close assistant to Army Chief of Staff General Jose Dante Caridi.

Despite the fact that 50 percent of the Army officers and NCO's are on their first winter leave, in the past few hours there were many phone calls between garrisons, which received requests for information even from vacationing personnel.

The events which prompted the replacement of Gen Gonzalez occurred on 10 July, when Gen Caridi called Gonzalez to his office to ask him to retire. Sources close to Gonzalez said he did not agree to Caridi's request and he told the Caridi that the only way to get him to retire would be through an order. The sources added that Caridi raised the issue during a meeting with Defense Minister Horacio Jaunarena the following morning.

Fearing a confrontation, Jaunarena tried to make Caridi change his mind, but failed when, according to the sources, Caridi told him that either Gonzalez or the chief of staff must be replaced.

Gonzalez later met with some of the officers who participated in the Campo de Mayo uprising, and told them that he believed the situation would be gradually overcome and he expected that the Army cadres would live in increasing harmony. The sources added that when he talked to the officers, Gonzalez was unaware of the type of situation that was being considered by Jaunarena and Caridi, who decided to replace him.

There was no news on Sunday, but at 1000 on Monday, Caridi again called Gonzalez to tell him about the Defense Ministry decision designating Gen Abbate as the new deputy chief of staff. Gonzalez reiterated that he would not retire and went back to his office.

It has been learned that, as a preventive measure, Caridi ordered the Patricios Infantry regiment to be in a state of readiness. This regiment is the Army chief of staff's traditional escort. Reliable sources added that there was a phone call between the "Libertador" building and the General Lemos School, in Campo de Mayo, where former Lieutenant Colonel Aldo Rico is under arrest. The sources said that "Rico was given assurances that the replacement of Gen Gonzalez in no way implied that the commitment made early on 22 April (the first Tuesday after the Holy Week) would be ignored, and that everything that was agreed upon on that occasion would be honored."

On that day, after Gen Caridi was designated Army chief of staff, several unit commanders, especially in northern Argentina, telegrammed Buenos Aires that they would not recognize Caridi's designation.

Contrary to what happened during the Holy Week, the new crisis passed almost unnoticed by the people, but it was so serious that Rico had to intervene to reduce the tension and find a way out.

Yesterday afternoon, when news of Gen Gonzalez' imminent replacement reached the Buenos Aires Military Garrison, several officers who participated in the Campo de Mayo events informed Gonzalez about their decision to resist the measure. Sources close to Gonzalez said he answered by saying that an action of that type "may worsen the already serious situation, may worsen the military crisis, and what is even worse there is a risk of creating a 'new Holy Week' confrontation of the Army against civilians." The sources added: "Gonzalez recommended prudence and a cool head." They also said that Gonzalez' replacement broke the intermediate command who side with Rico and "also violated the 22 April agreement."

The contacts made today between the officers of Campo de Mayo and the garrisons were mainly among the units' deputy chiefs because the units' commanders are on leave. However, by tonight, practically all commanders had already contacted their respective units giving precise instructions and asking for detailed information from Buenos Aires.

The sources close to Gonzalez reiterated that three reasons led to Gonzalez' replacement: First, his decision that former Major Ernesto Barreiro return to his duties. Second, his fervent belief in the need to reinstate Rico in the Army, and third his serious disagreement with Caridi about the military equipment for the artillery. The sources said Gonzalez believed that the artillery investment was "inadequate because there were other priorities in the Army."

Last night, when Gonzalez' replacement was named, the people close to Minister Jaunarena emphasized that the replacement was in no way indirectly aimed at Rico or the officers involved in the "Holy Week" event and "certainly not" against the Infantry.

Military observers indicated that with Gonzalez' replacement, Caridi was able to make the military leadership homogeneous in structure but at the same time "opened a deep and difficult gap in the intermediate commands." This tense situation is occurring exactly 90 days after the Holy Week events.

The sources pointed out that Gonzalez has been able to maintain "a compromising policy" between the two factions. An officer said: "It is now difficult to predict what will happen especially when a very difficult time is approaching such as the meeting of the promotion board to study annual retirement and promotions."

BRIEFS

NEW POLITICAL FRONT -- Cordoba, 22 Jun (TELAM) -- A new political front called the Federal Republican Movement [Movimiento Federal Republicano -- MFR] has been created in this city. This new movement groups the Liberal Party and the Social Republican Party (formerly the Party for Social Democracy). [Summary] [Buenos Aires TELAM in Spanish 1303 GMT 22 Jun 87 PY]

PRESIDENT SARNEY ON CONSTITUENT ASSEMBLY

PY132241 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 87 p 4

[Report on interview with President Jose Sarney by reporter Carlos Chagas at Planalto in Brasilia on 10 July]

[Excerpts] During a conversation with the O ESTADO DE SAO PUALO and JORNAL DA TARDE reporter on 10 July, President Jose Sarney carefully analyzed the work being done by the Constituent Assembly. The president said he hopes to reach an accord on the constitution as soon as possible, because he believes that the only thing he can do is act as mediator by promoting dialogue and helping the leaders of the various Constituent Assembly sectors draw up a constitution reflecting a national consensus.

Sarney did not approach the issue as a private citizen but as a president, whose major responsibility is to balance the various trends and prevent discord. He said that this is the most important responsibility of a head of state, and that he will not shrink from it. Otherwise, he said, there will be a constitutional stalemate. [passage omitted]

Sarney said that a constitution cannot be against anything in particular, and that it must serve the nation with a view toward the future, not toward the past. The principles that the Brazilian constitutions have endorsed since 1823 are still necessary and should thus be maintained. They should not be modified, eliminated, or refined. They are simple, like the one referring to international order. They are general principles that are properly spelled out in the current Constitution. Why should we modify them or make them more complicated? The draft submitted by the systematization commission, however, has modified everything. It even opposes the creation of military blocs by foreign countries, as if the objective were to dismantle NATO and the Warsaw Pact.

While talking to the reporter, the president frequently referred to a copy of the current Constitution, which he keeps on his desk. The president said he believes that several areas of the current Constitution must be modified and improved, beginning with the Preamble, which was drawn up by a military junta in 1969. Yet some of its articles and chapters reflect our traditions. Therefore, this Constitution cannot be wiped out. What is useful and written in sound, simple language, should not be discarded or modified.

Sarney said that a consensus is the only path leading to a solution. He recalled that during a rally sponsored by the PT [Workers Party] and CUT [Sole Central Organization of Workers] on 2 July in Brasilia, labor leader Jair Meneguelli threatened to ignore the new constitution if it did not preserve the interests of his sector. Now, a constitution cannot be ignored as if it were propaganda. If the CUT assumes for itself this right, the UDR [Rural Democratic Union] or for that matter any other group could do the same. What would happen then? That is why the president insisted that the new constitution should include the summation of all Brazilian trends, aspirations, and needs. All sectors must make concessions. The president said that his role will be to try to help reach a consensus, without either impositions or partisan politics.

Sarney also talked about the Armed Forces, stressing that the Constituion cannot be against them. What has to be done, he noted, is just the opposite, that is, the constitution must establish that the Armed Forces are democratically subordinated to the government. Fortunately, the idea of no longer entrusting the Armed Forces with the mission of preserving internal order did not succeed. Even if it had succeeded, would it have served any purpose? The Armed Forces will necessarily have to intervene whenever any order is disrupted. Will that mean that the Constitution has been disrespected. The president gave an example: If a hypothetical group of bandits invaded Brasilia and began to attach ministries and public buildings, wouldn't the Armed Forces be immediately called to restore order? Does anyone believe that the police would be able to cope with the problem themselves?

The Brazilian Armed Forces behavior, he added, has been commendable. They follow orders from the president, who is their commander in chief. Other Latin American countries have had serious problems in this sector. In fact, their presidents have been disobeyed and challenged. Therefore, I wonder why the radical sectors have tried to ignore the Armed Forces. The president also referred to the system of government outlined in the draft submitted by the systematization committee. Sarney said the system will not work, will create confusion, and will paralyze the government. According to the draft, power will be exercised by five sectors: the president, Congress, the council of the Republic, the Council of Ministers, and the prime minister. It will be impossible to manage the state. Sarney added that the president will be elected in direct elections and that even if he receives 40 million votes, he will not be able to govern. If they wanted a parliamentary system, why did they not propose the classic formula, in which Congress elects the president? Sarney saw no point in using direct elections for choosing a president who will actually have no power. In his efforts to help reach a consensus, Sarney will not advertise his own views, even though he favors the presidential system of government.

Summing up, the president believes that after 5 months, the Constituent Assembly has failed to produce a logical proposal with guidelines for the future. The constitution cannot ensure happiness, just as a decree cannot wipe out poverty. [passage omitted]

Sarney said he did not and will not threaten to dismiss the PMDB [Brazilian Democratic Mobilization Party] ministers who demand that the presidential elections be held next year, earlier than originally scheduled. All PMDB ministers have agreed that the current presidential term should last 5 years. He said, however, that if during its convention, due to be held next weekend, the PMDB decides to demand a 4-year terms, he will consider it an agression. However, he went on, life will continue the day after [preceding two words in English] the convention, adding that those who want to understand the meaning of his words will realize what he is trying to say. He has not, however, threatened to dismiss anyone, because that is not his style. He said he inherited from his mother the ability to remain calm even during very difficult situations. These are difficult times, and the situaton will remain unchanged for several months. Problems are surfacing not just every day, but every hour. Yesterday, for example, he had to face the demands posed by oil workers and the possibility of a strike by the sector. They are posing too many demands. It would be good if the government and the nation could meet their demands, but this is impossible, because the pie is just not that big.

Sarney admitted that the UDR has become a legitimate movement, because it undoubtedly has the support of a considerable number of rural producers, especially the owners of small- and medium-size farms, who oppose the excesses of radical groups. Today it is impossible to ignore the UDR, Sarney concluded.

INTERVIEW WITH FINANCE MINISTER BRESSER

PY132027 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jul 87 p 39

[Interview with Finance Minister Luis Carlos Bresser Pereira by O ESTADO DE SAO PAULO reporter Pedro Cafardo at the Finance Ministry in Brasilia, "last week"]

[Text] O ESTADO: The Bresser plan has been in effect for a month now. Could you assess it? Did it succeed? Will it succeed?

Bresser: The main purpose of the plan was to slow down inflation. This has been accomplished, because the inflation rate has come down from 25 percent a month to 3, or perhaps 2 percent a month.

O ESTADO: Are those figures official?

Bresser: No, but all available reports on the behavior of retail prices, for instance, indicate that those prices are under control. There could have been increases in the cost of personal services and rent, but those areas are under control also. Inflation has therefore been controlled, even though some prices have gone up, because this is a flexible freeze.

O ESTADO: Why did some prices go up?

Bresser: This was planned. Price of wheat by-products increased because the price of wheat had increased. Prices of milk by-products increased because on 12 June the price of natural milk increased. However, no one is saying that the plan failed because of these increases. On the contrary, this is the very source of strength of the plan. The freeze is flexible and intelligent, at least it is supposed to be intelligent. The inertial inflation has been stopped.

Supermarket prices are an average of 5 percent below the price lists. Now, if supermarket prices are below those of the official price list, which reflects the average prices on 12 June, it means that prices have not increased.

O ESTADO: There are people who say the prices on the lists were high to favor supermarkets.

Bresser: That is just a joke. I say that the price lists were well made. They were not drawn up for the purpose of protecting supermarkets. They simply reflect a broad price range for some products.

O ESTADO: Some mistakes were made, though.

Bresser: But they were corrected. Mistakes are always made. The important is that supermarkets are complying with the price lists. Better still, their prices are below those of the price list.

O ESTADO: Inflation is being controlled. But is there not a threat of recession?

Bresser: Hold it. We will talk about the later. By definition the second objective of the plan was also achieved. This objective encompassed the partial recovery of public finances. This was accomplished by increasing the prices of electricity, steel, and oil. Why? Because inflation did not increase at the same time. This is very important because it has reduced the public deficit.

O ESTADO: And what about recession?

Bresser: The third objective of the plan was to establish a minimum of order in the economy and prevent chaos. The economy was becoming chaotic. We had never experienced such a deep financial crisis. Never have there been so many bankruptcies nor bankruptcy settlements. Never had inflation been so high. Salaries had never fallen so fast and so radically, nor had recession spread as fast as during this year. All the signs pointed to chaos. Thus, the general objective of the plan was to stop the developing process of disorganization of the economy.

O ESTADO: Is recession no longer a threat then?

Bresser: I have some information on the behavior of retail prices. Sales increased markedly during the last week of June. In the 1st week of July, there was an average 23-percent increase -- let us just say over 20-percent increase -- in sales of nonessential goods throughout the country. I am speaking, to be exact, of the week starting on 27 June and ending on 2 July.

O ESTADO: Why is this happening?

Bresser: For two reasons. First, because of salaries. Workers are already receiving their salaries with the 20-percent increase of the last salary trigger, while prices continue to be frozen. This is the real increase in purchasing power that I have been announcing for a long time and that nobody believed. People will have to believe it now because they will see it actually happening. The purchasing power of salaries has really increased. In July, middle class workers are going to buy more. Therefore, the recession is already being partially overcome. But it takes time for this to reach the industrial level. The second reason is that interest rates dropped.

O ESTADO: Only nominal rates, though.

Bresser: Yes, but this is essential for purchases on credit.

O ESTADO: According to Credicard [not further identified], sales increased by 19 percent 1 week after the economic program was implemented.

Bresser: I had no knowledge of this figure. But it is more or less the same as the 20-percent increase recorded for nonperishable goods.

O ESTADO: Do dismissals in the car industry have a negative impact on estimates? Would it not have been much better to call the industrialists and reach an agreement to avoid the dismissals?

Bresser: They did not warn me. When I learned about it, I had already decided to eliminate the compulsory loan 2 days before.

O ESTADO: Then they were able to dismiss workers, and in addition they were successful in achieving the repeal of the compulsory loan. Would it not have been better to make a deal: If you do not dismiss workers, I will eliminate the compulsory loan?

Bresser: Right.... They later explained to me that they had been waiting for 3 months for the elimination of the compulsory loan. But I definitely do not believe in making appeals to businessmen, consumers, or workers. Of course an appeal can also work, but only for a short period, and it is not a basic issue. The only thing that works is to be realistic about the economic situation. Industrialists cannot indefinitely have job sources available for workers if they have losses. I cannot maintain the price of a product for an indefinite period if the company suffers losses. These things are part of the economic laws. Moreover, I cannot request consumers and workers to make sacrifices. If I decrease their salaries in real terms, they will disagree with me and strike.

O ESTADO: Speaking of strikes, is this not a threat looming on the horizon?

Bresser: I believe that there will be no strikes because I do not believe in making appeals, but in reasoning. Workers will realize that as a result of the implementation of this economic plan, we have avoided an even stronger decline of their salaries in real terms, which is what was happening. With this plan we will also avoid an increase in unemployment. There are even prospects for increasing employment. Therefore, it would be crazy to strike. They have called for a strike for 2 months from now. I believe this strike will fail. They have set this 2-month period to see what will happen. I believe this is a reasonable position, but I hope that in this time I will be able to convince them that they will not lose anything, because there is no intention of harming them. We are not interested in harming them. Sometimes those entrusted with drafting government economic policies are interested in doing harm, and they pressure the weakest sector. But there is no need to do that now.

O ESTADO: Why is this?

Bresser: Because I had and still have no need to cause a recession. The recession was already in progress. My objective was to halt the recession, which threatened to be very big. I had no need to tighten salaries.

O ESTADO: How are you planning to control the rising opposition against the economic plan within the PMDB [Brazilian Democratic Mobilization Party]?

Bresser: These are people who are unable to understand the objectives of the economic plan, and they are protesting against it. But this is a completely normal and democratic situation. Moreover, this is a minority group within the PMDB. Many of them are my friends, and if I have to talk with them I will do so.

O ESTADO: Will they listen to you?

Bresser: Not all of them. But I reassert that I believe in reasoning. I am sure that a reasonable number of them will certainly listen to me.

O ESTADO: Even about the foreign debt plan?

Bresser: What does my foreign debt plan consist of? Do you think they will reject it? I believe it has no problem. I intend to end the moratorium once I am able to achieve a renegotiation on the total debt with a zero-percentage spread [preceding word in English].

O ESTADO: Zero?

Bresser: That is right. That is what I believe would be reasonable.

O ESTADO: But they are charging Mexico a 0.8-percent spread.

Bresser: Yes. They are charging Mexico 13/16 percent. However, I think it is reasonable to charge Brazil zero percent.

O ESTADO: Why, are we better than Mexico?

Bresser: No, we are not better than Mexico, and for a very simple reason. Are they not giving us a 37-percent discount from our debt? Then why do they not lower our spread rate also?

O ESTADO: And what will they gain from that?

Bresser: I will answer that afterward. Besides asking for a zero-percent spread, I will only lift the moratorium when I obtain financing for the 1987-88 interest. And I still want something else: a plan for freeing ourselves from the small banks and a gradual reduction of the credits granted to Brazilian bank branches abroad and of the liabilities of those branches.

O ESTADO: But what about the PMDB?

Bresser: If I manage to obtain all that, do you think the PMDB will oppose it?

O ESTADO: Oppose lifting the moratorium?

Bresser: Yes, I believe that will not be the case. They would have to be crazy to oppose it.

O ESTADO: And are there not crazy people in the party?

Bresser: There are very few. The majority will approve it. But they are troubled with the IMF. They think I will reach an agreement with the IMF. But I will only reach an agreement with the banks, without being subjected to IMF conditions. I will not sign any agreement with the cross-default clause in it. This clause states that the banks will stop paying us our loan installments if the IMF stops paying them. I will not accept this. I will not sign any agreement with the banks under such a condition. I will deal with the banks, not with the IMF. I will deal with the IMF separately. If the IMF approves my plan -- which I have drawn up as I, President Sarney, and the majority of the people think it should be -- why not reach an agreement with the IMF? I will. I will get some money from the IMF, and that will even facilitate negotiating with the Paris Club. The IMF is important to be able to negotiate with the Paris Club, not with the banks. However, imagine the opposite: if the IMF drew up a letter of intent to reduce the public deficit and increase the trade surplus, leading the country to recession. Imagine if I signed an agreement with the banks accepting the cross-default clause. [paragraph continues]

Imagine if I accepted the spread rates charged nowadays. If I accepted all that, my PMDB colleagues would then condemn me. But I am not doing anything like that. Therefore, I do not see any problem.

O ESTADO: Then your letter of intent to the IMF will be the same as your plan?

Bresser: That is not defined. It is for later on. I have just held a meeting with the chief of the IMF mission. I am interested in the report they will draw up in a month based on the terms of Article No 4. I will not negotiate anything during my visit to Washington.

O ESTADO: What will you go for, then?

Bresser: I will go to present my plan, that is, the Brazilian plan, and reestablish contact with them. It will be our first conversation to reestablish relations with the IMF. But I do not intend to reach or sign any agreement. There is no need for that. They have no need for that, and we have even less. However, Fernando Milliet will be the one to talk with the banks to establish a date for starting negotiations. On that occasion, Milliet and the banks will talk about Brazil and general negotiation ideas. After that, about a month afterward, our negotiators will return to New York to formally negotiate a Brazilian proposal with the banks.

O ESTADO: What if the IMF demands the end of the moratorium to begin negotiations?

Bresser: Then there will be no negotiations.

O ESTADO: Would you answer these questions now? What do the banks gain? What advantage will they have from accepting everything?

Bresser: First of all, it will straighten out their situation with us. Second, they will begin receiving payments on the total interest provided they rescheduled part of that interest.

O ESTADO: Will they receive money?

Bresser: Yes, unfortunately, this year I cannot pay them anything. However, next year I will be able to pay them.

O ESTADO: How much?

Bresser: I do not know. Maybe 40 percent of the total interest we owe them, perhaps 50 percent. We have a yearly debt of $5 billion with private banks. This means that they are going to receive $2 billion. That is a lot of money. However, if we continue the moratorium they are not going to receive anything. Moreover, I will be able to regulate the system of converting the debt into investment. They find this interesting.

O ESTADO: Does it interest them more than us?

Bresser: I think it is of interest to us as well, provided it is controlled, provided priorities are established, because essentially we want new investments in projects that will produce money for the country.

O ESTADO: What is the fear? That old money will be used in this conversion, which will not be advantageous for the country? Does this mean that we would only change our debt in dollars into cruzados, without bringing any new money?

Bresser: No. Not at all. This will require a long explanation. Perhaps another interview will be necessary.

O ESTADO: When are you going to Washington?

Bresser: I hope to leave here on the 21st and arrive there on the 22d. Fernao Bracher is going with me. He knows the international financial system very well. As president of the Central Bank he had conducted very tough negotiations with the banks. He is mostly responsible for the successful negotiation with the Paris Club. Recently, he helped me with the suspension of payments to the Paris Club. He is very competent, and he has been my friend for 35 years.

O ESTADO: Are you going to present the macroeconomic plan before or after that trip?

Bresser: It will be released by the president of the Republic before my trip, obviously.

O ESTADO: It is all known. The plan makes an assessment of the Brazilian economy and establishes basic guidelines for the government economic policy. Finally, it describes the objectives, which are: an economic growth of 5 percent this year; 6 percent next year, and 7 percent the following years. A trade surplus of $8.6 billion this year, and $10 billion the following years. Reduction of the public deficit to 3.5 percent of the GDP this year. We are still discussing the figure for next year, but it must be set between 1.8 percent and 2.2 percent. The IMF would like to see a deficit reduced to zero in 1988, but it will be impossible. Moreover, the other objective of the plan is to increase public savings so as to finance investments. But the IMF gives no details on sectorial policies.

O ESTADO: Does the plan also include the goals for inflation?

Bresser: The plan establishes the objectives of the monetary base and net domestic credit, which are related to the inflation rate. However, we are not yet in a position of predicting the inflation rate for 1988. Just imagine a small percentage. How much? 50 percent? 60 percent? I do not know.

O ESTADO: Do you think the inflation rate will increase next year?

Bresser: It could increase, it could be stable, or it could drop. It could even start with an increase and then remain stable. There are several alternatives. It is perfectly possible to keep it under reasonable control, provided that the public deficit is reduced, and the issuance of money is also kept under control.

It is also important to keep interest rates low. If the private sector decides to make its own investments, I have to greatly reduce the public deficit. Otherwise, the investors, on one side, and the government on the other, will fight over these resources, which will increase interest rates. However, if the private sectort makes no investment, then I do not have to reduce the public deficit very much, because ther will be no dispute over those resources. Then the deficit would be financed without pushing interest rates upward.

SURVEY SHOWS LACK OF FAITH IN BRESSER PLAN

PY131756 Sao Paulo FOLHA DE SAO PAULO 12 Jul 87 p A52

[Text] The Bresser plan was announced on 12 June, and 1 month later 76 percent of the residents of Sao Paulo believe the purchasing power of their salaries has declined, 61 percent feel their standard of living has deteriorated, 60 percent are not overseeing of frozen prices, and 71 percent believe the plan will not succeed, according to a poll conducted by "Data Folha" in Sao Paulo.

This poll surveyed 1,000 people on 7 July. The results are markedly different from those of the survey conducted a month ago, right after the Bresser plan was decreed. At that time, 40 percent of the people felt their life would get worse, 30 percent believed it would remain the same, and 20 percent expected it to improve. At the time, 49 percent of Sao Paulo residents wanted to oversee prices; last week's survey shows a loss of interest in this activity.

The survey shows that 77 percent of those who have a family income of up to 5 times the minimum salary, 78 percent of those whose family income is between 5 and 10 times the minimum salary, and 74 percent of those with a family income of more than 10 times the minimum salary, share the feeling that their standard of living has declined during the first month since the plan ws enacted.

Percentages of those who believe the Bresser plan will not succeed very little from sector to sector. The greatest difference has been observed when people's education was taken in account: 78 percent of those who had a high school education or higher, as opposed to 66 percent of those who had only an elementary education, do not believe in the plan's success.

Polls conducted during the initial months of the 1986 Cruzado plan showed great receptivity toward economic measures, but this attitude has declined since July 1986 when the government enacted the compulsory loan system.

EFE REPORTS ON DIRECT ELECTION RALLY IN SAO PAULO

PY130259 Madrid EFE in Spanish 0104 GMT 13 Jul 87

[Text] Sao Paulo, 12 Jul (EFE) -- According to the media, approximately 25,000 people tonight participated in a rally for direct presidential elections in 1988. The rally was called by the leftist Workers Party (PT), and was held at the downtown Plaza 'da Se" in Sao Paulo.

Regional leaders from organizations called the committee "for direct elections" participated in the rally. Among the parties which made up the committee are the Communist Party of Brazil, the Democratic Labor Party (PDT), the Brazilian Socialist Party (PSB), factions of the ruling Brazilian Democratic Mobilization Party (PMOB), and the Social Democratic Party (PDS).

This campaign, which began in Brasilia on Tuesday, 7 July, has the support of the Sole Central Organization of Workers (CUT), Basic Catholic Church Organizations, and civic and professional organizations.

PT President Luis Ignacio da Silva, alias Lula, summarized the main demand of all participants when he demanded direct elections in 1988 to elect President Jose Sarney's successor. These elections must be held immediately after the approval of the new constitution of the country which is under discussion now by Congress.

A large faction from the PMDB and other political parties, including President Sarney himself, want presidential elections in 1989 after a 5-year term for the current president.

Approximately 5 days ago, a similar rally was held in Brasilia. There were no incidents at that time when military authorities had placed in a state of alert more than 5,000 soldiers from several regiments.

RURAL DEMOCRATIC UNION DEMONSTRATES IN BRASILIA

PY131924 Sao Paulo FOLHA DE SAO PAULO 12 Jul 87

[Text] Approximately 30,000 people participated in a 3-hour demonstration organized by the Rural Democratic Union (UDR) in Brasilia yesterday morning, according to the Security Secretariat of the Federal District and the organizers. The demonstrators occupied for nearly 1 hour the two avenues separated by the Mall of the Ministries. The main objective of the demonstration was to pressure the members of the Systematization Committee of the Constituent Assembly to take into account UDR's interests when the time comes to vote. However the Systematization Committee did not meet yesterday morning.

The demonstrators repeatedly mentioned UDR President Ronaldo Caiado as a presidential candidate. A pop trio accompanied the demonstrators, playing songs like Milton Nascimento's and Wagner Tiso's "Student's Heart."

Constituent Assembly deputies Arnaldo Rosa Prata, a PMDB-MG [Brazilian Democratic Mobilization Party-State of Minas Gerais] deputy who drafted the latest amendment for the Agrarian Reform Subcommittee and is one of the opponents of agrarian reform within the Committee for Economic Order, and Virgilio Galassi, PDS-MG [Social Democratic Party-State of Minas Gerais], joined the demonstrators.

The Army and the Military Police had 10,000 men ready to stop the demonstrators from getting close to Planalto Palace, and the Air Force kept the demonstration under sureillance from a helicopter.

The police closed, in front of the Congressional Building, the avenue to the Supreme Federal Court. According to the Security Secretariat, the police operation sought to protect the premises from demonstrators.

BRIEFS

RETAIL SALES UNEMPLOYMENT -- A 30-percent decrease in sales from January to June compared to the same period last year has left 900,000 employees jobless. According to Milton Reis, president of the National Confederation of Store Managers, these 900,000 employees represent 15 percent of the 6 million persons employed by 1.5 million stores all over the country. [Summary] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jul 87 p 17 PY]

GOVERNMENT SECRETARY COMMENTS ON PLEBISCITE

PY110237 Santiago Radio Chilena Network in Spanish 1700 GMT 10 Jul 87

[Text] The new minister secretary general of government, Orlando Poblete, has stated that he personally wishes General Pinochet would be the candidate in the next plebiscite. However, he acknowledged that it is up to the Government Junta to decide this. Poblete, who took over from Francisco Javier Cuadra, made his remarks to the press after meeting with Major General Fernando Matthei at the Diego Portales Building.

[Begin recording] [Poblete] Personally, of course, I believe President Pinochet epitomizes several ideal values and principles which I share. Therefore, if you are asking me for a personal opinion I have no doubts that I [words indistinct].

[Unidentified reporter] What do you think about the statements of three Junta members supporting a civilian candiate for 1989?

[Poblete] I think the commanders in chief have made their statements and I respect them for it. I believe they are doing their duty by letting the country know they are considering their constitutional duties, and deciding what actions to take to fulfill the transitory provisions that grant them their special powers.

[Reporter] Doesn't their attitude discourage you in your personal desire to have Gen Pinochet as the candidate?

[Poblete] No, it does not discourage me. I trust the commanders in chief a great deal. I can assure you that I am not in the least discouraged. [end recording]

Asked about the opinion of some sectors that the cabinet reshuffle implies a hardening of the government's position, Orlando Poblete said:

[Begin Poblete recording] I do not like labels, especially presumptive ones. In any case, this hard-soft dichotomy seems to be absolutely disproportionate and groundless. There is a definite desire to move on toward full institutionalization, and that is what we are doing. In time we will prove much more conclusively than through my words that these changes are groundless, unrealistic, and untrue. [end recording].

The minister secretary general of government concluded by saying that the government's main asset in the 1989 plebiscite will be its accomplishments of the past 14 years.

JOURNALISTS GROUP WELCOMES RETURNING EXILES

PY102315 Santiago Radio Chilena Network in Spanish 1700 GMT 10 Jul 87

[Excerpt] Over 100 journalists met at the Chilean Journalists Association headquarters last night to officially welcome colleagues who have returned from exile. Ignacio Gonzalez Camus, president of the association said that approximately 150 members of the association had gone into exile with their families in September 1973, and 14 years later there are still 22 journalists who are not allowed to return to their fatherland.

[Begin Gonzalez recording] With this ceremony we want to convey the decision of our association to continue struggling for the return of all journalists in exile. Presently, according to our list, approximately 22 colleagues are not allowed to return to the country. It is our purpose in the coming week [words indistinct] to step up our struggle for their return. We will pursue this aim by talking to the authorities, sending them letters, and filing petitions. In sum, we will use persuasion and pressure until this injustice ends. [end recording]

Ignacio Gonzalez Camus stressed that many journalists died in exile, and only their remains could return to Chile. Gonzalez added that last night's ceremony epitomizes the rejection of the very principle of exile and its use as a political weapon against Chilean citizens.

[Begin recording] With this ceremony the association expressed concern about a broader objective: rejection of exile as a principle and as a political weapon. We condemn exile not only in the case of our colleagues but also in the case of anyone who may be enduring it. [end recording] [passage omitted]

SANTIAGO MAYOR CARLOS BOMBAL RESIGNS POST

PY141539 Santiago Domestic Service in Spanish 1030 GMT 14 Jul 87

[Text] Attorney Carlos Bombal Otaegui has resigned from his post as Santiago mayor after 6 years in the job. According to Bombal, he submitted his resignation to President Pinochet after the visit of Pope John Paul II in April, and the president accepted it. Bombal made these statements after a luncheon with 300 professors marking the first anniversary of the transfer of schools to the municipality.

Minister on Resignation, Storms

PY142129 Santiago Domestic Service in Spanish 1700 GMT 14 Jul 87

[Excerpts] Interior Minister Sergio Fernandez has asked citizens to be calm and to cooperate as a result of the storm affecting this capital and several regions of the country.

Fernandez also confirmed that Santiago Mayor Carlos Bombal submitted his resignation to President Pinochet strictly for personal reasons. Fernandez added that a replacement will be named in the next few days. Asked if other mayors are in a similar situation, Fernandez said no and that Bombal's resignation is the only one to date.

Asked about the possibility of massive changes of mayors at the national level, Fernandez said he would not talk about massive replacements. He added that mayors are constantly changed for various reasons. He added that some leave for personal reasons while others leave because they have either already fulfilled a mission or are no longer qualified to do a job. [passage omitted]

At noon today, the interior minister delivered an official report on the bad weather affecting the country from the fourth to the tenth regions. Roads, bridges and important streets in Santiago and the provinces have been damaged. In Santiago, the floods have damaged many houses and have left 1,477 people homeless. These people have taken refuge in municipal buildings, schools, and other facilities. [passage omitted]

FOREIGN MINISTER MEETS THAI DELEGATION

PY090339 Santiago Domestic Service in Spanish 1700 GMT 8 Jul 87

[Text] Thai Foreign Deputy Minister Praphat Limpaphan went to the Foreign Ministry to extend his greetings to Chilean Foreign Minister Ricardo Garcia and to his Chilean counterpart Brigadier General Francisco Ramirez Migliassi. Minister Ricardo Garcia received the high-ranking Thai official and his delegation of 11 Thai Foreign Ministry officials and businessmen in the Red Hall of the Foreign Ministry.

Prior to the meeting, Praphat Limpaphan lead a working meeting at the Chilean Diplomatic Academy for approximately 1 and 1/2 hours. During this meeting, both delegations of the two countries headed by their respective deputy ministers exchanged opinions regarding bilateral relations, trade and the domestic situation of their countries. Thailand is a prowestern and anti-communist country that actively participates in the ASEAN, an organization of Southeast Asian countries. The Thai deputy minister then placed a wreath at the national memorial and went to the Chilean Foreign Ministry to extend his greetings to Minister Garcia. During his conversation with Garcia, the Asian diplomat expressed his pleasure at being the first foreign representative to greet the new foreign minister [words indistinct].

Chile's main exports to Thailand include cellulose, newsprint and copper, and imports rice, canned fruits and textiles.

NEW LA NACION DIRECTOR ASSUMED OFFICE YESTERDAY

PY091651 Santiago Domestic Service in Spanish 1030 GMT 9 Jul 87

[Text] Lawyer and university Prof Pablo Saenz de Santa Mara Moscatto assumed office yesterday as the new director of the newspaper LA NACION. He thus replaces current Minister Secretary General of Government Orlando Poblete. Saenz de Santa Maria had served as legal counsel of the Santiago Bank. He is a current professor of law at the University of Chile.

MANUEL BUSTOS CONFIRMED AS NEW CNT PRESIDENT

PY141624 Santiago EL MERCURIO in Spanish 8 Jul 87 pp B1, B16

[Excerpt] The Executive Council of the National Workers Command (CNT) yesterday officially reported that it has unanimously confirmed Manuel Bustos Huerta, a leader of the Christian Democratic Party, as the CNT president until the end of 1988.

Thus Bustos, who is also a leader of the textile workers, replaces Rodolfo Seguel, who resigned from the CNT for personal reasons. [passage omitted]

ELN, MIR MERGE; CLAIM ATTACK ON VENEZUELAN GUARD

PA141831 Hamburg DPA in Spanish 1653 GMT 14 Jul 87

[Text] Bogota, 14 Jul (DPA) -- Two Colombian guerrilla groups -- the National Liberation Army (ELN) and the Free Fatherland Independent Revolutionary Movement [Movimiento Independiente Revolucionario Patria Libre] (MIR) announced their merger in a joint communique and claimed responsibility for the attack perpetrated 1 month ago on a patrol of the Venezuelan Guard, in which nine Venezuelan soldiers were killed at the border region.

In the communique -- a copy of which was sent to Venezuelan President Jaime Lusinchi -- the Colombian rebels took responsibility for the attack, which they said was in reprisal for the Guard's mistreatment of Columbian peasants at the border.

"As of this moment, the new organization will be called 'ELN Camilist Union' ['Union Camilista ELN']. Its mission will be to defend the rights of Colombian peasants at the border," the rebel's communique stressed.

The rebel group also denied having links with drug-trafficking bands operating in that area and warned that the attack carried out in Venezuela's Zulia State is just the first "political-military" action.

The ELN, a pro-Maoist organization, is one of Columbia's oldest and strongest guerrilla groups. It is viewed as the most radical group. Meanwhile, the MIR is a small group of unknown ideology, which has recently emerged.

The "Camilist" term is presumably a homage to Catholic priest Camilo Torres Restrepo, who joined the ELN and was killed in combat in 1966. Many of the ELN main commanders are former Catholic priests.

BARCO DISCUSSES ECONOMIC MEASURES, PUBLIC BUDGETS

PA081504 Bogota Inravision Television Cadena 1 in Spanish 0240 GMT 4 Jul 87

[Speech by President Virgilio Barco; date and place not given -- live or recorded]

[Excerpts] Fellow patriots: At noon today, I spoke at a meeting of economists about the results of the first few months of economic measures implemented by the government. Tonight I want to share a few very positive [word indistinct] that truly allow me to be very optimistic about Colombia's future. [passage omitted]

Control of public spending has been our leading tool in modifying the living condition of the poorest people and in improving their position in the field of production. Spending during my administration, as the country well knows, will be aimed preferentially at investments that will improve the people's quality of life: potable water, sewage systems, housing, health, education, rural electrification. These are investments that strengthen the people and create favorable conditions through their adequate participation in labor activities for the future generation of income. There are other investments in the infrasture that are necessary so regions that have not been able to adequately join the field of economic activity may soon do so. Roads, highways in the areas undergoing rehabilitation, the farming infrasture, radio and telephone communications, and rural electrification are included.

Public budgets will clearlfy reflect these new guidelines but it may be advantageous to point out a few examples that will demonstrate our willingness to fulfill this mandate in favor of those who require more attention from the government, those who are most unprotected. While the general treasury completed payment of public investment debts in the amount of 128 billion [pesos] last year, with the implementation this year of the new dynamics, these payments will be increased by 40 percent, to total approximately 280 billion. These new guidelines for public spending also include the budgets of large decentralized institutions, such as Ecopetrol [Colombian Petroleum Enterprise] which will reinforce the national budget and the budget of the road construction project for the areas undergoing rehabilitation by more than 20 billion pesos.

Next year, the new guidelines will also contribute approximately 40 billion to the nation under the heading of income taxes and exemptions, with which the national treasury will pay the expenses established by Law 12 of 1986 regarding administrative decentralization to finance basic projects in towns with populations of less than 100,000. These important transferals, nevertheless, will not affect Ecopetrol's financial perspective, which today is in better shape than ever, much to everyone's relief.

However, of the $1.6 billion we have requested from the international banks, $600 million will be used to finance public social investments. The international banks, both the institutional and the commercial, have no questioned our request, and they have a good understanding of the orientation of our social economy. They understand it better than many of our fellow patriots who insist on casting shadows on the future of the government's programs.

The reorientation of public spending promotes economic activity and growth, which in turn generates jobs and creates the demand for basic goods made locally. Because these locally made goods have a low import content, they allow the use of foreign exchange for the importation of capital assets and raw materials, both of which are essential for the needed broadening of the productive apparatus, which calls for dynamic investing on the part of the private sector. [passage omitted]

The government's credibility has thus been strengthened, and the people know what to expect in response to the somber predictions made by the opposition.

Additionally, the response to the amnesty on tax interest and challenges has allowed us to clear up a great amount of outstanding taxes, to the point of ending nearly half of the pending tax lawsuits. This amnesty has allowed a great deal of benefits to the tax system, which were previously excluded, and now allow for a minimum tax baseline for future years' taxes.

In addition, the tax reforms have brought about a climate of confidence in the main economic sectors. This already is reflected in improved tax payments in the recent tax statements presented. The new tariffs are better suited to the economic needs of the companies and individuals. Profits are now shown, and the tax base is ostensibly higher, as is demonstrated by higher tax collection even with much lower tax rates.

Elimination of double taxation, definitely one of the cornerstones of the tax reform -- it prevents companies that pay taxes on their profits to pay taxes again through their shareholders -- generates a clear trend toward enterprise capitalization, already apparent in the stock exchange and the strengthening of the main economic sectors. [passage omitted]

We now have a better tax system. This is known by citizens who find rates more reasonable; there are simpler and clearer ways to file their tax returns. This is appreciated by businessmen, who find more favorable conditions to carry out their investment projects. Those who anticipated and wished for tax collection to plummet, the figures have left them without credibility before Colombians, who are now convinced that the discredit tactics and systematic obstructions that the government had to overcome to save this excellent initiative were totally unjustified.

To make investments into productive areas easier and to find the necessary complement to domestic saving, a healthy flow of foreign assets will be encouraged, different from those of the foreign debt. The government adopted initiatives aimed at overcoming the limitations imposed by rules that govern foreign investment. That is decision No 24 of the Cartagena agreement, which did not meet the goals for which it was created. [passage omitted]

Despite the predictions made at the beginning of 1987 regarding the spiraling increase in prices, the average consumer price index for June grew only 0.96 percent -- in other words, less than 1 percent. This is the lowest figure this decade, with the exception of the atypical case of June 1986. Compared to 1985, it is nearly half of the increase in prices for that year, which was 1.84 percent.

Accumulated growth: The price index for 1987 is 13.62 percent, a figure that compares very favorably with that of 1985, which, for this same period, grew 18.82 percent and meant for the whole of the year an inflation rate of 22.45 percent. If we take the case of the food price index for June 1985, and compare it to the first half of 1987, we find a significant drop of nearly 12 points. It dropped from 27.47 percent to 15.53 percent.

As you can see, we can expect highly satisfactorily results regarding prices. These expectations are strengthened by crop growth, allowing us to predict an ample supply of food for the second half of 1987.

Regarding exports, the indicators are reassuring. Of course, we are concerned with the uncertainty regarding coffee prices. However, please note that despite the fact that by 19 June income from coffee exports was down by $487 million compared to the same period the previous year, our international reserves dropped only $143 million, despite having made the largest payments toward the foreign debt. At the beginning of the year, when coffee prices started to drop, some hurriedly requested that steps be taken to restrict imports. However, we understood clearly that this was not justified, and, to the contrary, a reassuring signal needed to be given to economic sectors. For this reason, at the end of May, June import quotas increased by $150 million, transferring 80 items from the customs previous import license restriction list to that of duty-free import.

We know that we have a realistic exchange rate level. We are willing to keep exports up, except for coffee and oil. Exports grew 26 percent during the first half compared to the same period the previous year.

There were also positive indicators in other fields. At the end of April, industrial production and sales had grown 5 and 8 percent, respectively. In the country's 11 largest cities, construction increased 29.7 percent.

Even in unemployment, a scourge that is one of my administration's greatest concerns, we have been gaining ground as a result of the favorable conditions of our economic activity. Employment in industry grew during the first 4 months by 2.7 percent compared to last year. Employment in the business sector grew by 2.3 percent during the same period.

At the end of March, we had reduced the unemployment rate by almost 1 percent in our 7 main cities. The adoption of proper economic policies has yielded favorable results, which have improved the conditions of the business sector. These results are already proved by statistics and reports obtained from labor groups that show that there has been a great increase in the growth of the industrial sector during the first 6 months of this year.

I am convinced that these statistics are the result of positive events that will allow us to achieve increasingly stimulating results. With achievements and progress like these, and with well-founded hopes, the country can see how economic policies bear fruit. These statistics are the best calling card of the task being accomplished by this administration. This task has been advanced with firm goals and well-studied and specific aims.

In making this balance, I do not seek to convince those pessimists who have made up their minds to be prophets of doom. It is gratifying to know that facts prove these people to be wrong, and that public opinion does not fall into the trap of those who try to create unfounded difficulties.

We are fulfilling our promise. We will continue to do so without straying from our path and without giving satisfaction to those who seek to base their political success on the countrys misfortunes. This administration is committed to progress and we will achieve that progress through changes brought about by our social economy programs. Good night.

COMMISSION RECOMMENDS RELATIONS WITH CUBA

PA100002 Madrid EFE in Spanish 1708 GMT 9 Jul 87

[Text] Bogota, 9 Jul, (EFE) -- An official commission of experts on violence has recommended to the Colombian Government that it renew diplomatic relations with Cuba, claiming that it might be helpful in attaining peace and provoking "a change of attitude" in the M-19 guerrilla movement.

The commission, however, recommends that there be no haste in resuming relations, to avoid frail relations that might lead to "a new and costly break."

The commission's lengthy document, delivered to EFE today, analyzes ties and points to concurrence between Colombian foreign policy regarding the United States, Cuba, and Nicaragua during the last administrations, as well as the main operations of the M-19, one of the two most active guerrilla groups in the country.

The document points out that between October 1979 and January 1980, Colombia voted 154 times against the election of Cuba to a seat on the UN Security Council.

On 4 February 1980, Nicaragua presented a claim against the Colombian archipelago of San Andres and Providencia. This claim stirred up angry protests here.

On 27 February of the same year, the M-19, in one of its most daring operations, seized the Dominican Embassy in Bogota, holding many diplomats.

Ten months later, the M-19 tried to invade southern Colombia with Cuban support, according to the Colombian Government. This led to the break in diplomatic relations between Colombia and Cuba.

The preceding events and others led the commission studying violence to state that "domestic and foreign policy are currently traveling on the same road." The commission states that the greater the rapprochement between the government headed then by Liberal President Julio Cesar Turbay and the United States, the greater the political violence in Colombia.

On the other hand, the following administration, led by Conservative Belisario Betancur, which was less anticommunist domestically, and which "spoke strongly" to U.S. President Ronald Reagan, managed to sign a truce with the guerrilla groups, including the M-19.

The document delivered to EFE points out that when the truce with the M-19 was broken and it attacked the Palace of Justice in Bogota -- leaving a toll of 100 dead -- there were reports involving the Nicaraguan Sandinist government, and there was pressure to break relations with Nicaragua.

These and other similar events have led the commission to recommend to the government to remain aloof of the East-West conflict, to adopt an attitude of "criticism and selective confrontation" [as received] with the United States, and to adopt a balanced diplomatic relationship with Nicaragua -- without acceding to Nicaragua's claim over San Andres.

More contacts with the USSR and the renewal "without haste" of relations with Cuba are the other recommendations on the list. The document states that all this is without falling into the "narrow and false criteria that peace in Colombia is decided in Moscow, Beijing, or Havana."

The commission recommends that the government start a dialogue with all the guerrilla groups, of which the M-19 and the pro-Soviet Revolutionary Armed Forces of Colombia (FARC) are the strongest and most active.

It also recommends that the Constitution be amended regarding the suspension of individual rights, an end to the political monopoly of the traditional parties (Liberal Party in power, and Conservative Party opposition), and a repeal of laws abetting the organization of private paramilitary groups.

BRIEFS

NEW EPISCOPAL CONFERNCE PRESIDENT -- Medellin Archbishop Cardinal Msgr Alfonso Lopez Trujillo was elected president of the Episcopal Conference yesterday. Cali Archbishop Msgr Pedro Rubiano Saenz was elected vice president. They will be in office for 3 years. [Summary] [Bogota EL TIEMPO in Spanish 3 Jul 87 p 8-d PA]

PRESIDENT GARCIA ON DEFENSE MINISTRY, ECONOMY

PA141325 Lima Television Peruana in Spanish 0100 GMT 12 Jul 87

[Interview with President Alan Garcia Peres by unidentified reporter after meeting at Garcia's home with members of the Joint Command; date not given -- recorded]

[Text] [Garcia] We held a meeting here at my private residence to discuss the issue of the defense ministry. Each institution -- the Army, Air Force, and Navy -- and their legal advisers are preparing drafts. We will then reach a definite plan. It will be presented to the Council of Ministers to issue the law or the legislative decree creating the ministry.

[Reporter] Mr President, what do you expect will be the result of this meeting?

[Garcia] It has been a very positive one. The legislative decree is almost complete. Very important contributions have been made. Some aspects will need to be finished. As I said when I proposed the creation of this ministry, the important thing is that the ministry is part of the administrative modernization and simplification of the national state. Therefore, I am convinced that its creation will allow for a better administrative coordination of our Armed Forces, and naturally better management in the budgetary and economic aspects.

[Reporter] What are some of the points discussed by the various Armed Forces commands in this meeting? What did they bring up?

[Garcia] All of the topics that have to do with the law creating the defense ministry. Nothing new was brought up.

[Reporter] Have you started to consider names for the future minister of defense?

[Garcia] Many names are being considered. There are probably many candidates. In due time I will notify the country who the man is charged with this important and noble mission of coordinating all of the national actions having to do with our defense.

[Question indistinct]

[Garcia] I think that later on, when the laws have been completed, we will decide whether the minister is to be a civilian or military officer. That is one of the topics that has been more widely publicized. Any citizen that meets the requirements and conditions for this can be the minister. He can be a civilian, retired military, or in active military service. Any Peruvian can be a minister.

[Reporter] Will we learn the minister of defense's name on 28 July?

[Garcia] No, I do not think so. I think it is too early to say we will have the name by that day. I would prefer to leave it for when we have concluded the legal work and the ministry's administrative structure.

[Reporter] Mr President [words indistinct] at the national level about the economic aspects, some work sectors that are on strike perhaps got carried away. What do you think about this situation after your message last Sunday?

[Garcia] I do not think this civil construction strike has anything to do with the economic message. Strikes in Peru are always accomanied by street disturbances and demonstrations. That is part of our trade union tradition. Naturally, we must understand that once an administrative and political solution is reached by the Ministry of Labor, that solution must be respected. After all, that is why we have a state and a constitution. If someone does not agree with what the Ministry of Labor decides, then one has to wait for the next elections and vote for another party in order to obtain different results, if these are possible. I do not think this situation resulting recently from a strike has anything to do with the message.

That message was only an explanation to the country of the economic operation, of the model of economic operation that we have implemented and that has given results. Some results have not been so good, or have had problems. We must present a new initiative.

[Reporter] Mr President, having already designed the economic model, would it be a good idea for you to make a new pronouncement, or, for example, if you were to address the nation, the businessmen and industrialists, about the scope and outlook you see in this model?

[Garcia] When people speak of economic topics, they always talk about the industrialists and businessmen. The citizens and workers of Peru are also economic agents. The trade union workers are also economic agents. With the help of the Planning Institute and the presidency of the Republic, we met yesterday and today in Huamanpali to make some explanations and receive proposals about the economic model. Therefore, we must not think the country's economy is the privilege of only the business sector. Businessmen are very important agents of investments, of the economic initiative. However, the workers cannot be regarded only as consumers or as mere recipients of large or small salary increases. Workers are conscientious agents -- whether they belong to a union or not -- of the economic process.

After preparing the sketch of the economic plan of the government, we have to complement this with a greater plan. The national plan, the national revolution's willingness that encourages this government has something more than economic policy. To carry out a revolution does not mean only reducing inflation. To carry out a revolution is not only promoting investments. That would be guaranteeing economic management. To carry out a revolution is to decentralize the country in both an administrative and political manner, and to make sure the people assume their resonsibilities. There should be regional self-governments. To carry out a revolution is to encourage the best possible distribution of wealth and property in the country. To carry out a revolution is to get the various economic actors -- workers, state, businessmen, peasant communities -- to form one great organization that should be the economic congress for concerted action. To carry out a revolution is to defend and promote everything that has been somewhat set aside by history. When one speaks of economy, one forgets there are 5 million Peruvians who live in peasant communities that also have an economy, that are also producers.

With our centralist mentality; we only think of the production of a large factory. However, millions of Peruvians earn a living from small production, temporary employment, the small workshop, and the peasant community. Millions of women are organized in committees and mother's clubs. All of this should be integrated into a different people's state. That is what we call carrying out a revolution, and this does not mean only touching on the subjects of interest rates, level of investments, or the rate of demand required for a reactivation.

In that case, I could say we must complement this economic model -- which is only one part -- with the large political plan. We want a nation that will be more independent and sovereign, and I think we have taken the first steps for that. We want a nation that will find its cultural identity, that will not be looking for it in foreign publicity, that will not be seeking it in models that are foreign to our society, to our national identity. We want a more decentralized and democratic society, with greater equality. We want an industrial development that will not be exclusively for Lima or the coastal area. All of these concepts are part of a national revolutionary plan, and what we have said so far is only a minimal part of what should be a national plan. I have only referred to the economic subject and its evolution.

[Reporter] To summarize, what do you think of the country's economic and political situation?

[Garcia] Normal. I think the economic measures that were launched have had some problems, but the large sectors -- the national market, the investment projects -- continue progressing. Naturally, one cannot do this quickly. However, they continue progressing, and I am fully confident of them. There is a trend to recover our country and rescue it from being a mere satellite of the international banking system, and that is progressing. We have been saying this.

In the third place [as heard], in the political area there is full respect for free unionism, the right of political parties to form and organize, and there is in our country absolute freedom of press. All of this shows that the democratic framework continues to be strengthened in spite of the serious problems of criminal violence we are enduring. I must admit that sometimes this is very difficult, but this is the challenge Peru has. Peru has to surpass its problems by strengthening its democracy. Perhaps someone with dictatorial or tyrannical feelings might believe he could solve things better. However, I believe the solution of the economic, historical, and political problems of our country must be the concern of all Peruvians, and in order to do that freedom is necessary. If solutions are reached by having everyone in silence, then these are false solutions. I think the great challenge within this question you have asked me -- if this is normal or not -- is to maintain democratic normalcy in the face of the very serious problems we are enduring, but that we are slowly surpassing. The problem is we have to understand that the historical time for surpassing these problems is not the time one keeps by a wristwatch, or the days and hours of an individual's life.

[Reporter] Mr President, there is a certain concern within your party as to the formation of a board of directors -- not at the level of senators, but at the level of deputies -- and we will omit the names for the time being. However, I would like for you to comment on these possible discrepancies for becoming the president of the deputies.

[Garcia] I am not going to comment on discrepancies. I am always seeking the consensus, the means whereby -- particularly within my party -- there can be possibilities for unification and strengthening. It is normal that at this time there will always be a list of names or alternatives. I am aware of several candidates, but I am not going to make a pronouncement. I am going to leave free -- and I believe they should feel free -- the fellow party members to choose what they think is advisable. I am convinced that in their Aprista minds, the members of the Aprista parliamentary group will know by virtue of their Aprista morals who to elect and what is best for the party and the legislative leadership.

BOUTERSE TO PROPOSE AMNESTY; ALLIANCE FORMED

FL131435 Hilversum International Service in English 1030 GMT 13 Jul 87

[Text] In Suriname, Army leader Desi Bouterse is expected to submit a proposal to the country's ruling council to grant an amnesty to those who have in the past cooperated with the jungle command of rebellious soldier Ronnie Brunswijk. The head of the Bureau (?for) Popular Mobilization, Major Lauren Neede, says that the offer of an amnesty is born from a sense of responsibility for the well-being of the population and from a desire to demonstrate the regime's willingness to cease hostilities with the armed rebels. It's not been revealed exactly when Colonel Bouterse will submit his proposals to the council.

Also in Suriname, the traditional political parties will jointly take part in the elections, which are to be held at the end of November. The leaders of the three parties have formed an alliance which they've named the Front for Democracy, which will be presented to the Surinamese people on the 2d of August. No leader of the new alliance has yet been named. Two of the three party leaders, Jaggernath Lachmon of the VHP [United Reform Party] and Henck Arron of the NPS [Suriname National Party], have underlined the importance of cooperation between the various political parties to a return to full democracy and to the nation's development.

Parties Gear Up for Elections

FL091949 Paramaribo International Service in English 1730 GMT 8 Jul 87

[Text] The traditional political parties, NPS, National Party of Suriname; the VHP; and KTPI, the Javanese Farmers Party, are this week rounding off talks aimed at a coalition to contest the upcoming November 25th general election in Suriname. These parties plan to work close together and present one list of candidates for the elections.

The NPS, VHP, and KTPI, which are made up of different ethnic groups, have shared government responsibility before the military coup of 1980. At the last elections, which were held in 1977, the KTPI and the NPS had an agreement to work together.

Over the past few days, six small parties were also observed to be busy with activities. These parties are the Pendawa Lima, the PNP [Progressive National Party], the PPRS [Party For the Development of Suriname], the (Axie Group), the PSP [Progressive Socialist Party] and the HPP [Reformed Progressive Party]. Some of these parties have stated that they will join the National Democratic Party, which is under the chairmanship of the current prime minister, Jules Wijdenbosch.

Also the Progressive Workers' and Agriculture Party, PALU, and the Surinamese Workers' Party, SPA, are separately mobilizing support for the elections.

LABOR LEADER INSTALLS C-47 BRANCHES IN NETHERLANDS

FL092103 Paramaribo International Service in English 1730 GMT 8 Jul 87

[Text] C-47 Chairman Fred Derby is currently in Holland, where he will install four branches of the labor union federation.

The C-47 chairman, who is also the chairman of the Suriname Workers Party, will also discuss this new political party with various organization in Holland. In these discussions, he will especially explain the goals, statutes, program, and ideology of the party. The labor leader-politician will end his 1 week visit to Holland on Sunday.

MEDICAL TEAM LEAVES AFTER CHARGES OF COLLUSION

FL061406 Bonaire Trans World Radio in English 1130 GMT 6 Jul 87

[Text] A five-member medical team of the aid organization Doctors Without Frontiers left Suriname yesterday after being accused by a Surinamese Army spokesman of collusion with the rebels headed by Ronnie Brunswijk. The aid organization contends that the accusation serves as a smoke screen to obscure a raid last month by Surinamese troops against a medical post run by the team of aid workers. The team indicated a desire to leave Suriname after Surinamese soldiers raided the outpost in Brokopondo and looted the equipment. The doctors say they take a very serious view of the accusations of collusion with the rebels because it casts doubt upon its integrity.

EC Inquires Into Issue

FL092242 Paramaribo International Service in English 1730 GMT 9 Jul 87

[Text] The European Community has asked President Radmat Misier, by telegram, for information about a case of the medical Doctors Without Borders. President Radmat Misier has referred the matter to government leader Desi Bouterse and it is currently being discussed by the Surinamese authorities. The team of medical Doctors Without Borders has been accused of lending services to Brunswijk. Chief of Staff Commander (Stan Oath) declared that the team was put under pressure by the terrorists. On Tuesday, it was reported in the Dutch press that the organization of Doctors Without Borders is thinking of entering Suriname again via French Guiana if a satisfactory agreement is not reached with the Surinamese authorities.

GOVERNMENT CLAIMS SUCCESS AGAINST REBELS

PA140312 Paris AFP in Spanish 0041 GMT 13 Jul 87

[Text] Paramaribo, 12 Jul (AFP) -- The Surinamese Government today informed the troops at Paramaribo headquarters that the areas between Patamacca and Albina (in the southern part of Moengo, a mining town) 100 km east of this capital, were completely cleared of rebels and are currently under government control. Commander Graanoogst, one of the military leaders of Desi Bouterse's government, after haranguing the soldiers added that government forces are achieving positive results in the struggle against the rebels lead by activist Ronnie Brunswijk and the mercenaries that have operated lately in this former Netherlands colony. Graanoost's statements came while a group of protesters was demonstrating in the streets of Paramaribo over the presence of mercenaries in Suriname. The demonstrators, chanting antiterrorist slogans, paraded in front of Memre Boekoe, the main military headquarters in Paramaribo, and then went on to the headquarters of the 25 February Movement, headed by Desi Bouterse, where they read a communique in which they protested the presence of French and Netherlands citizens in the struggle against the Surinamese Government. The group also rejected the attitudes of the French and Netherlands Governments, which show no respect for Suriname's sovereign rights.

REBEL SPOKESMAN REJECTS OFFER OF AMNESTY

FL141357 Bonaire Trans World Radio in English 1130 GMT 14 Jul 87

[Text] A rebel spokesman in Suriname has rejected an offer of amnesty by the Surinamese Government. He is (Eddie Josephson) a Bush Creole, like rebel leader Sargent Ronnie Brunswijk, and who said yesterday the amnesty offer is, in his words, a trick and a smoke screen. The amnesty offer had been reportedly extended to any jungle commando fighter or [word indistinct] cooperating supporter who will turn himself in. Mr (Josephson) said it seems to him strange that a government who said in the past it would never negotiate with rebels, to now be offering amnesty to terrorists.

MERCENARY KILLED; FRENCH REPRESENTATIVE COMMENTS

FL141555 Paramaribo International Service in English 1730 GMT 13 Jul 87

[Text] The National Army over the weekend killed a third white mercenary during an offensive which has gone on for 1 week now in east Suriname. An Army spokesman said the Army is prepared for the intensification of the struggle and that the terror gang is expecting reinforcement this week. According to the spokesman, the gang expects an additional 20 white mercenaries and weapons.

The SURINAME NEWS AGENCY, the SNA, reported that the complete leadership of the so-called Resistance Council from Holland has traveled to French Guiana. The terror gang is reportedly no longer under the command of Ronnie Brunswijk but is coordinated by former president Henck Chin-A-Sen and former Lieutenant (Honray). The report says French Legionnaires are used in the attempt to violently overthrow the Surinamese Government.

One of the three dead mercenaries has been identified as a member of the Sixth Regiment of the Foreign Legion, which is stationed in French Guinana. The identity of the two others hasn't yet been determined. The three mercenaries were killed during clashes between the National Army and the Brunswijk Gang last Friday.

The French charge d'affaires in Suriname, Gaston Le Paudert, has called this case a delicate one. He stated that even if it comes out that the two other mercenaries are also of the French Foreign Legion, the French Government is still working on the principle of good neighborship regarding Suriname. The French charge d'affaires, however, wouldn't give an explanation for the free movement on French territory of people from the so-called Liberation Council and members of the terrorist gang who try to overthrow the Surinamese Government. For more than one year, Suriname has been asking the French to take measures against this, but without any results. The French Government in a statement over the weekend has stated that it will strictly continue its policy of noninterference of good neighborship. The dead mercenaries are, according to the statement, deserters who have no ties to the French authorities and were acting on their own account.